

# Agenda

## Governance and Audit Committee

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Date: Thursday, 30 March 2023

Time: 5.00 pm

Venue: Council Chambers- Hybrid Meeting

To: Mr. G.Chapman, (Chair), Mr D. Reed (Deputy Chair), Dr N. Barry  
Councillors R Mogford, J Jordan, S Cocks, J Harris and G Horton

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Item	Wards Affected
1	<u>Apologies for Absence</u>
2	<u>Declarations of Interest</u>
3	<u>Minutes of the Last Meeting</u> (Pages 3 - 18)
4	<u>Update on Compliments, Comments and Complaints Management Report 2022</u> (Pages 19 - 24)
5	<u>Corporate Risk Register Quarter 3</u> (Pages 25 - 70)
6	<u>Lessons Learned 2021/22</u> (Pages 71 - 78)
7	<u>Audit Wales NCC Outline Audit Plan 2023</u> (Pages 79 - 90)
8	<u>Work Programme</u> (Pages 91 - 94)
9	<u>Date of Next Meeting</u> 25 May 2023 at 5pm

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Date of Issue: Thursday, 23 March 2023

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# Draft Minutes

## Governance and Audit Committee

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Date: 26 January 2023

Time: 5:00pm

Venue: Council Chambers- Hybrid Meeting

Present: Mr G. Chapman (Chair), Dr. N. Barry, Mr D. Reed.  
Councillors J. Jordan, G. Horton, R. Mogford and S. Cocks

In attendance: Andrew Wathan (Chief Internal Auditor), Dona Palmer (Audit Manager), Jan Furtek (Audit Manager), Gareth Lucey (Audit Wales), Paul Flint (Performance & Risk Business Partner), Tracy McKim (Head of People, Policy and Transformation), Janice Dent (Policy and Partnership Manager), Meirion Rushworth (Head of Finance), Robert Green (Assistant Head of Finance), Mark Howcroft (Chief Accountant and Project Manager), Laura Mahoney (Senior Finance Business Partner), Rhys Cornwall (Strategic Director – Transformation & Corporate Centre), P Jones (Strategic Director – Environment and Sustainability), Stephen Jarrett, (Head of City Services)

Anne Jenkins (Governance Team Leader), Pamela Tasker (Governance Support Officer)

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### 1. Apologies for Absence

None received.

### 2. Declarations of Interest

None received.

### 3. Minutes of the last meeting: 27 October 2022

The Minutes were accepted as a true record.

Dr Barry requested that the target date for completion was included in any actions recorded.

### 4. Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts resulting in Second Unsatisfactory Opinion

Members of the Committee considered the explanations and assurances provided by the Strategic Director and the Head of Service responsible for Passenger Transport Unit

(PTU) – Taxi Contracts that improvements had been made in service provision following two consecutive Unsatisfactory audit opinions.

Following two consecutive *Unsatisfactory* Internal Audit opinions, the Strategic Director for Environment and Sustainability, responsible for Passenger Transport Unit (PTU) – Taxi Contracts were invited into Governance and Audit Committee to provide assurances that appropriate improvements within service provisions and the control environment were made.

The Strategic Director for Environment and Sustainability assured the Committee that since the Head of City Service had been in post following recruitment, regular meetings had been held with the staff involved that included routine team briefings. An action plan had been drawn up to resolve the outstanding issue, with the input of the Audit Team. The Head of City Services also met with the Strategic Director for Environment and Sustainability fortnightly to provide updates; good progress had been made as a result of this, as referred to in Appendix 2. There was some challenge from the service area over one recommendation relating to the third party tender Wales system that they considered to be outside of their scope of control, however the rest of the recommendations were accepted.

The Head of City Services advised that as a result of the recent restructuring of the area a service manager post had been filled. The Audit team would also be providing a quarterly checking arrangement. Additional resource had also been added to the team, as there had been a significant new pressure on the team since covid and onward.

In relation to the work processes, IT systems had been enhanced and quality checks should be easier as a result. Any issues identified would be taken to the Senior Leadership Team meetings and escalated if there were any issues.

The Head of City Services had worked with his team to resolve issues such as those with the CTX system, which had been upgraded. In terms of workload the Head of City Services provided statistics relating to 2019 data in comparison to 2022, where there had been significant increase in service demand and expectation.

#### Comments of Committee:

Councillor Jordan referred to Appendix, point 2.11 (New), and asked if there would be any recommendations for the new issue. The Audit Manager advised that this was a new weakness that came out of the follow up audit, however the Audit Team require that management take action to resolve issues, rather than making recommendations.

Dr Barry sought assurance that management would escalate issues. if a similar situation arose again. The Strategic Director for Environment and Sustainability agreed that this was important, and as part of the ongoing process, the first audit would trigger any concerns into an escalation process. It was hoped however that with the extra review and resources in place any concerns would be flagged up in advance before it escalated in future.

Dr Barry also asked were there were any performance issues underlying the results. The Head of City Services advised that this was not a factor, what was identified is that additional staff were required due to the amount of work involved. Whilst there was a combination of factors that underpinned the audit results, performance issues were not one of them.

Councillor Cocks referred to the potentially vulnerable young people in taxis and queried the current situation in terms of up to date clearance of taxi drivers. The Head of City Services advised that all checks were up to date in relation to DBS checks, licences, etc. and that

there as there were always changes in operators and the related documentation, this was an ongoing process that was part of day to day operations.

Councillor Cocks also considered the implications in relation to staffing and training issues and the potential for greater pressure on individual staff due to cutbacks in future, and sought assurance that these pressures were being monitored and addressed. The Strategic Director for Environment and Sustainability agreed that this is key, and the new process of constant monitoring in place would ensure that this would not happen again.

Mr Reed asked the Strategic Director and Head of Service if the the weaknesses found by the audit team were accepted. The Strategic Director for Environment and Sustainability confirmed that the findings were accepted, although there was a minor issue relating to third party tendering which was not within the remit of the team.

Mr Reed then asked if the failings to the system being addressed with the support of the Audit Team. The Head of City Services assured Mr Reed that they were being addressed in collaboration with Audit, IT and Social Care.

Councillor Mogford asked owned the processes, and the accountability. The Strategic Director for Environment and Sustainability advised that Audit recommendations were dealt with at a Service Manager level, however the audit framework in place ultimately ensured that accountability was escalated and involved the Head of Service, and ultimately the Strategic Director for Environment and Sustainability. This was evidenced in the report being discussed at this level with the committee.

Cllr Horton referred to the CTX system and asked if using spreadsheets was a robust process to maintain information. The Head of City Services advised that spreadsheets were kept to support the management of the process in the CTX system. Whilst the system upgrade had increased functionality, the spreadsheets supported the overall process. Horton also asked if the system might fail due to the high-level of human interaction. The Head of Service briefly explained the process which would make sure that there was no failure going forward. The Strategic Director for Environment and Sustainability explained that any anomalies would be flagged up by the system.

The Chair mentioned that whilst it may have been beneficial to have invited the Team Manager to attend the committee, however further to Councillor Mogford's query, the Chair felt that accountability should be with the Strategic Director.

The Chair referred to comments in Appendix 2, para 1.02 that he considered should have been recorded as a red/critical weakness rather than amber/significant, and asked if the Strategic Director for Environment and Sustainability could give assurances that all the operators fulfilling the PTU contracts now had the necessary licensing and checks in place. The Strategic Director for Environment and Sustainability advised that they were.

The Chair asked if there was an internal working group that could pick up some of these cross-service issues in relation to operators, such as Licensing. The Head of City Services advised that there was a lot of interaction between Licensing and PTU that included monitoring, and this collaboration had recently helped to resolve an issue regarding photographic ID.

The Chair also questioned who undertook the monitoring of the contracts in terms of PTU and Licensing. The Strategic Director for Environment and Sustainability advised that it depended on the nature of the monitoring and recognised that the suggestion to formalise this through an internal working group was a good point raised by the Chair, and this would be considered for further development.

The Chair asked if City Services issued penalties for issues relating to PTU contracts. The Head of City Services advised that if there were significant breaches, the contractor / operator would be removed and any appropriate action taken.

The Chair also asked whether the Council had concerns as a statutory provider on the implications associated with providing services for vulnerable children, for example, if there was no escort and unlicensed driver. The Strategic Director for Environment and Sustainability advised that were there had been incidences of non-compliance, these operators had been removed.

Chair referred to the statistics in Appendix 2, para 1.03 and asked if the Committee could be given assurance that all escorts and drivers would have up to date DBS and training going forward. The Strategic Director for Environment and Sustainability assured the committee that the robust systems that were now in place were designed to ensure that this was monitored on an ongoing basis.

Chair referred to Appendix 2.11 regarding an unlicensed driver who worked in both Caerphilly and Newport was being prosecuted for doing so in Caerphilly. The Chair queried if the driver had been excluded from Newport's contract and how did this impact on Newport City Council who had a contract with the unlicensed drivers operator. The Head of City Services advised that whilst the driver had been prosecuted, the company was still operating in Caerphilly; whilst the incident in Caerphilly had been noted, the operator had not conducted any breaches of contract in Newport and therefore it was appropriate to keep the contract in place.

Councillor Horton asked how many contracts had been assessed under the monitoring taking place. The Head of City Services advised that monitoring had suffered due to low resources in the past, however, monitoring would also now be undertaken by Licensing and schools. City Services were in contact with schools daily and if there was a serious issue that required the Council to pull a contract, then this would be done immediately.

Dr Barry wished to see a documented process in place for schools to follow regarding to monitoring, so that reporting was not missed. The Strategic Director for Environment and Sustainability advised that information through schools came through to City Services regularly however they would speak to Education to ensure that regular monitoring was taking place. This was noted as a recommendation.

Councillor Jordan asked how far in advance the CTX System would flag up when a DBS check was due for renewal. The Strategic Director for Environment and Sustainability would look into this for the Committee.

**Resolved:**

- That Members of the Governance and Audit Committee accepted the explanations and assurances of the Strategic Director and the Head of Service, which would be confirmed by way of a second follow up internal audit.
- That an update report in three months be provided by City Services on its position including: facts and figures, DBS Checks for drivers and escorts and an indication of what continuation training was in place
- That Head of City Services and the Strategic Director for Environment and Sustainability be invited to Governance and Audit Committee in Six months' time to provide a further update.

- That Council consider the development of a working group comprising of PTU, Licensing, Social Services and Education to facilitate monitoring.
- That a process for monitoring and reporting issues is developed for use in schools.

**5. Update on Call in of Director of Social Services and Head of Service re: the internal Audit of Adoption Allowances resulting in a Second Unsatisfactory Opinion- October Committee 2022**

The Committee was provided with a written update from the Strategic Director for Social Services, as requested at the previous meeting:

*I attended Governance and Audit Committee with Natalie Poyner Head of Children's Services on 27.10.2022 following a request from the Committee. Work carried out by the audit team had highlighted a number of areas of concern in the management of adoption allowances. While staff in Children's Services were aware of some of the challenges and had requested the support of audit colleagues to examine and understand the issues.*

*The reviews had resulted in two consecutive unsatisfactory opinions being issued.*

*At the Committee on 27.10.2022 I gave a series of assurances as to the steps being taken by Children's Services staff and proposals to remedy the issues raised.*

**Current position**

*The audit team have further reviewed the adoption allowances and are currently working on a further report. Their review work was undertaken late in the Autumn of 2022. The early findings of their review have been made available to Children's Services.*

*During this process it has become clear that the original steps taken in Children's Services and remedies have been insufficient to manage the challenges and while there is now full awareness of the issues there are in fact ongoing matters which continue to be unsatisfactory and have led to a poor service in the assessment, review and timely delivery of adoption allowances. When looked at in the wider arena of Children's Services with a budget of £27 million this is a relatively small area of expenditure of £300K and involves a comparatively small number of families 30 in total as compared to over 3,000 supported during the course of the year but it does impact on some of our most vulnerable children and the financial support for them to be settled with their families.*

*The most recent review has highlighted some very particular issues with staffing and structure in the teams involved. The details of those issues have undermined the assurances I gave to the Committee on 27.10.2022*

**Planned steps**

*In light of the further emerging findings from the audit team the following headline steps are now in hand.*

- a. *The current arrangements for staffing and management responsible for adoption allowances have been reviewed and revised arrangements are being implemented with immediate effect. This will include a return of the work to the Children's Services business support team. The establishment of robust arrangements for leave periods, counter checking of the assessments and the decisions as well as supervision of the staff are part of this change.*
- b. *As part of the revisions discussions are underway to build training for a wider pool of staff and to ensure a step by step toolkit is available for all involved.*
- c. *Arrangements in neighbouring LAs to consider the "skill" mix for staff have flagged a possible need to enhance some of the input to financial assessment arrangements.*

### **Conclusion**

*Given the emerging review findings I apologise to the Committee for the assurances I gave on the 27<sup>th</sup> of October. The particular challenges within the current structures have led to the continued issues with delays and errors. The most recent discussions (23.01.2023) have ensured we do now have an immediate impetus to move forward.*

### **Resolved:**

The Committee noted the Social Services update from Director of Social Services.

## **6. Corporate Risk Register (Quarter 2)**

The Head of People Policy and Transformation presented the report to the Committee, outlining that there were eight Severe risks (risk scores 15 to 25); six Major risks (risk scores 7 to 14); that were outlined in the report. In comparison to the quarter one Corporate risk register, there were no new and/or escalated risks, and two risks had been closed. Three risks increased in risk score; one risk had decreased in risk score; and the remaining ten risks maintained the same score. No risks were escalated or de-escalated in quarter one.

As set out in the Council's Risk Management Policy, Cabinet reviewed the Corporate Risk Register on a quarterly basis ensuring appropriate procedures were in place to monitor the management of significant risks. The Register was likely to change following the approval of the new Corporate Plan and priorities for service delivery.

### Comments of committee:

Mr Reed queried the purpose of the green stars with ticks within the report. The Performance and Research Business Partner advised that a glossary would be included for future reference; a green star meant that a project was on course to finish on time and a tick over the green star meant a project was completed.

Dr Barry referred to the risk around recruitment of staff for children's services and staff absence, which appeared to be an issue throughout Wales. Dr Barry enquired if there was any collaborative work underway with other Welsh authorities or the WLGA to address this. Dr Barry felt that there should be more actions aimed at mitigating this issue in the medium



term plan. Finally in relation to out of county placements, Dr Barry questioned whether the Council be doing something to stimulate the local market, as issuing a tender m not answer the problem. The Strategic Director, Transformation and Corporate suggested that whilst the questions were not for this committee, they were valid points that would be referred back to the relevant Head of Service for their consideration.

Councillor Cocks referred to the severity of the cutbacks Councils needed to make throughout the UK, and the impacts that this would have on services. Cllr Cocks flagged his concerns that this would increase risks in children's services and other areas, and asked if the Committee adequate as to monitor these measures. The Chair advised that the report provided the reality of the situation of the Council and evidenced that the governance process was identifying risks being highlighted which should provide assurance to the Committee that the issues were being highlighted. The Chair added that, as elected members, difficult decisions need to be made to decide the priorities as the financial settlement would not be sufficient to cover every requirement. The Head of People, Policy and Transformation added that the role of the Committee was to ensure that adequate processes were in place to ensure that risks were monitored, or tolerated if that was the most appropriate response. The Head of Service confirmed that although resolving these issues sits outside of the remit of the Committee, there are ongoing local and national discussions relating to the levels of risk Councils are facing.

The Strategic Director, Transformation and Corporate stated that potential reductions in budget was the next challenge facing local authorities following the pandemic and austerity measures. The Director indicated that the mitigation and tolerance of risks as set out in the report is key.

**Resolved:**

The Governance and Audit Committee considered and moved the contents of the report and the risk management arrangements in place for the Authority.

## **7. Audit Wales and Regulatory Bodies Six Month Update**

The Policy and Partnership Manager advised that the Governance and Audit Committee was required under its terms of reference to receive and consider inspection reports from external regulators and inspectors, to make recommendations and, where necessary, monitor implementation and compliance with agreed action plans. The Committee are asked to ascertain that the governance and processes place are adequate to manage this appropriately.

There are three external regulators: Audit Wales, Care Inspectorate Wales, and Estyn. Each body is responsible for providing assurance that the Council is fulfilling its statutory duties and providing value to the public. This report covered the regulatory reports published by each body between April and December 2022 including a summary of the Council's response (where applicable) and any additional actions which the Council was undertaking to respond to the recommendations. Performance information has been included, as per

Committee's recommendation at a previous meeting. The tables provide detail of ownership, completion dates and progress updates.

Comments of committee:

Dr Barry referred to a working group set up in relation to social enterprises and sought assurance that there was an action plan in place, and whether economy and regeneration were also involved. The Policy and Partnership Manager advised that there was cross-service representation from the Council as well as working with external partners, however it was in early stages and a plan could be expected from May onwards.

Councillor Cocks referred to the positive comments in the report, particularly those concerning carbon reduction and the workforce report, and flagged this for note by the Committee.

The Chair felt that the requirement for an action plan regarding social enterprise was important, and stated that the Governance and Audit Committee should be made aware of the Council's response to that recommendation and the resulting outcome. The Strategic Director, Transformation and Corporate agreed that the action plan is important to evidence that appropriate processes are in place to manage this. The Director reiterated that under Terms of Reference of the Committee, members were required to appraise the governance processes involving scrutiny, Cabinet and Council that underpinned this. Evidence of this underpinning process would be shared with the Committee as a link to the published plan; scrutinisation of the plan itself would be carried out in other committees as part of the governance processes.

**Resolved:**

The Governance and Audit Committee considered the contents of the report concerning regulatory activity completed, and the assurances provided in the meeting that where recommendations were raised, the Council was taking necessary action.

**8. Internal Audit Plan – Progress (Quarter 3)**

The Chief Internal Auditor highlighted the attached report, which identified that the Internal Audit Section was making progress against the 2022/23 audit plan and internal performance indicators.

The Internal Audit Plan was based on 1073 audit days. The team currently operated with an establishment of 7.5 Full Time Equivalent (FTE) audit staff. At the start of the year there were 5.5 audit staff in the team; additional support was being provided by an external internal audit provider. As a result of significant budget pressures facing the Council, a budget saving proposal was put forward to help to meet the anticipated gap. This would reduce the audit team establishment by 1 FTE, which would have an impact on the number of audits being completed next year. The Head of Finance included a section on this as part of the report.

The context to the saving was the financial position anticipated by the Council, and to mitigate this, all parts of the council had to make a significant level of savings. The Council was balancing an increasing number risks across council this would impact on front line services, including Social Care and school provision; therefore Finance had to consider a range of savings and prioritise those which would have the least impact on frontline provision.

Further to the update on resource, two Unsatisfactory audit opinions were being reported:

- i) Purchasing Cards (Transactions) and;
- ii) Passenger Transport Unit (PTU) Taxi Contracts follow up.

#### Comments of committee:

In relation to the reduction in staff, Dr Barry felt that it was a false economy to reduce the Audit team by one Full Time Equivalent and asked how this would impact on the Audit team. The Chair and Mr Reed also echoed the comment made by Dr Barry. The Chair also felt that a staff cut should be made in another service area instead. The Chair queried whether any savings could be made on the outsourced provision instead.

The Head of Finance confirmed that there is no base budget for external resources, it is funded from any gaps in vacancies in the core audit budget..

The Chair therefore asked that this proposal be reconsidered by Cabinet, as a reduction in the audit team would be counter productive and he felt there would be serious issues as a result of giving up the post.

The Strategic Director, Corporate and Transformation added that an extract of the Minutes from this Committee could be fed back to Cabinet, however Cabinet could not make a decision on this as it was the Head of Finance, under delegated authority made this decision.

The Strategic Director for Transformation and Corporate reminded the committee that whilst their comments could be put forward to Cabinet, this savings proposal is a delegated decision to the Head of Service under the Council's Constitution. The Strategic Director wished to put this saving into context of the total £27M worth of savings being considered at the time of the meeting, the majority of which affected front line services.

In addition, the Chief Auditor gave further context, advising that a standard auditor would provide 180 operational audit days per annum and in terms of loss of an audit manager that would reduce this capacity by 60 management days and 120 operational days, which was close to 10 audit opinions. This would result in completion of fewer audits overall.

The Chair requested that the views of the committee be fed back to Cabinet, and that the Head of Service reconsider his decision under their delegated powers

Councillor Cocks did not support the Committee's view that deletion of the 1 FTE post should be reconsidered; Cllr Cocks went on to state that whilst the role of audit officers is an essential function, if this saving was not made then the equivalent amount would have to be found in other areas within the council already affected by cut backs and in frontline services this would have a more direct impact on residents.

D Reed requested that the responsible officer be called in to Committee in relation to the Unsatisfactory Audit Opinion for Purchasing Cards (Transactions). The Chair and Councillor Horton also supported this request.

The Strategic Director, Transformation and Corporate and the Head of Finance agreed that they should attend the next committee to discuss the Purchasing Cards; they also advised that there was an ongoing investigation, which would potentially lead to disciplinary action.

The Chair requested that the Chief Executive also attend the Committee, and the Strategic Director, Transformation and Corporate advised that the point of escalation would be to invite the relevant Head of Service or Director to the next meeting, to provide assurance that this matter was being addressed appropriately.

**Resolved:**

1. That the report regarding progress on delivering the 2022/23 audit plan, be noted by the Council's Governance and Audit Committee
2. Feedback and comments from the Committee regarding the loss of the 1 FTE audit post are shared with the Head of Finance and Cabinet.
3. Purchasing Cards: that the Strategic Director, Transformation and Corporate and the Head of Finance be invited to the next meeting.

**9. Draft Capital and Treasury Management Strategy**

As set out within the Corporate Plan, the Council has ambitious plans for the city, and the Capital Programme is a key enabler in delivering against this. The current programme is due to end in March 2023, with a new five-year programme commencing in 2023/24. The new programme predominantly comprises of annual recurring allocations and a number of ongoing schemes carried forward from the existing programme.

The report includes both the Capital and Treasury Management Strategies which, at their core, (i) confirmed the Capital Programme, as part of the Capital Strategy and (ii) the various borrowing limits and other indicators which govern the management of the Council's borrowing and investing activities, as part of the Treasury Management Strategy.

The Capital Strategy also sets out the long-term context (10 years) in which capital decisions are made. It demonstrates that the Council's approach to taking capital and investment decisions is in line with service objectives, whilst giving consideration to risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to stewardship of public funds, value for money, prudence, sustainability and affordability.

The capital plans of the authority are inherently linked with the Council's treasury management activities and, therefore, the Treasury Management Strategy is included for consideration alongside the Capital Strategy.

The main points arising from the two strategies are highlighted in this covering report, and essentially states that the proposed programme is affordable and provides headroom for borrowing. Much of the strategy is signed off by full Council, and the Committee is being asked to consider and comment on the report before a final version of the report is considered by Cabinet.

#### Comments of committee:

Dr Barry fully supported the report and positively endorsed the content.

Councillor Cocks considered that the report well written and was a good summary of complex information. Cllr Cocks asked what the impact of inflation in construction would have on outstanding commitments such as school Band B projects, which had not yet started and other outstanding commitments such as the Transport Bridge and Capitol Region City Deal. The Assistant Head of Finance advised that with regard to budget, allocation would be made with an eye on inflation, however, until they went to tender, the costs were not fully confirmed. The management of existing projects would also be considered. The Welsh Government had indicated an openness to discussion regarding aspirations under the Capitol Region programme.

The Chair asked if Councils shared pots of money in relation to the slippage issue relating to building projects. The Head of Finance stated that he was not aware that such arrangements existed. The Chief Accountant and Project Manager advised that if there was a surplus cash balance and another authority required this, then they could potentially be treated as an investment counter party but this was not done on a project by project basis although those complexities existed. The Chief Accountant and Project Manager remarked that often Welsh Government funding is paid in arrears, after the spend has been incurred.

#### **Resolved:**

The Committee

- Received and endorsed the Capital Strategy (Appendix 2), including the draft new Capital Programme within it (shown separately in Appendix 1) and the borrowing requirements/limits to deliver the new programme.
- Received and endorsed the Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy and the Minimum Revenue Provision (MRP) for 2023/24 (Appendix 3).

As part of the above, the Committee

- Noted, and commented on the debt, and corresponding revenue cost of delivering the new Capital Programme, and the implications of this over the short and medium-long term with regard to affordability, prudence and sustainability.
- Noted and commented on the Head of Finance recommendation to Cabinet and Council that borrowing needs to be limited to funding ongoing and previously approved schemes brought forward from the current Capital Programme only, and the recommended prudential indicators on borrowing limits to achieve this.
- Noted and commented on the proposal to prioritise annual sums funding over any new schemes, unless unavoidable.

## **10. Statement of Accounts 2021/22**

**11. The Assistant Head of Finance advised that the above item and Item 11 **Response to ISA260 Report and Statement of Accounts Authorisation** be taken as one item.**

The 2021/22 ISA260 Report, prepared by Audit Wales, outlined the fact that an overall unqualified audit opinion was given. There were no uncorrected misstatements, as the Council was able to work through and process revisions whilst the ledgers remained opened for longer in anticipation of retrospective legislation and national accounting changes that affected fixed asset presentation. The appendices to this report provide context to the errors and misstatements identified, as well as outlining initial lessons learned and the Council's responses to questions raised at the previous Governance and Audit Committee meeting.

The Chair was minded to discuss the highlights of the ISA 260 report without listening to the presentation. The Governance and Audit Committee were in agreement with this recommendation.

G Lucey of Audit Wales revisited the ISA 260 report for the committee, which was the annual standard report summarising the results of the audit.

The main headline was the unqualified Audit Opinion over the final set of accounts; the audit certificate was set out in Appendix 2 of the report.

There were a number of corrections that had arisen, as set out in Appendix 3, however nothing in the list of corrections gave Audit Wales cause for concern.

There were also no uncorrected mistakes recorded within the report.

Exhibit 2 sets out a few issues that had arisen during the audit; the first two items are the uplifts to non-current assets and the accounting for infrastructure assets. These were both national issues which were technical matters that had arisen for Local Authorities throughout Wales and were outside of the Council's control. Therefore, there were no areas of concerns.

The next three items were nil value assets, declarations of interest for members and discrepancy in the reserve statement led on to the three recommendations within the report within Appendix 4 and raised for information.

G Lucey was happy that there was no cause for concern regarding these issues and finally within the senior officer remuneration table there was a minor issue that was highlighted in the report, again, this did not affect the audit opinion and no further action was required.

G Lucey thanked officers for their hard work and the difficult national issues they have met and overcome, and also the support received from the audit team.

The Head of Finance wanted to take the opportunity to thank his team involved in preparing this during one of the hardest times experienced. The Head of Finance reflected that it was a tremendous effort and noted the good working relationship with Audit Wales.

The Chair also endorsed the Head of Finance's comments and thanked Officers involved, and Audit Wales.

**Resolved:**

The Governance and Audit Committee

- Noted the contents of the ISA260 Report, the Council's response and recommended approval of the 2021/22 Statement of Accounts.
- Approved the accounts to be signed off.

## **12. Work Programme**

The purpose of a forward work programme was to help ensure Members achieve organisation and focus on the undertaking of enquiries through the Governance and Audit Committee function. The report presented the current work programme to the Committee for information and detailed the items due to be considered at the Committee's next two meetings.

The Assistant Head of Finance advised the Chair that a Lessons Learned report would be brought to the following meeting, following on from the two previous items discussed.

### **Resolved:**

That the Governance and Audit Committee noted the Work Programme.

**The date of the next meeting was 30 March 2023.**

### **Part 2:**

**Not for publication as consideration of the report involves the likely disclosure of exempt information as defined in schedule 12 A of the Local Government Act 1972 (as amended) and the exemption outweighs the public interest in disclosure.**

## **13. Waiving of Contract Standing Orders: Quarterly report reviewing Urgent decisions or Waiving Contract SOs (Quarter 3, October to December)**

The Audit Manager introduced the report to Committee, outlining details of decisions on the use of Standing Order 22.4 (decisions taken urgently) or the Waiving of Contract Standing Orders for the above period.

The Head of Regeneration and Economic Development gave a timeline in relation to the reasons for the Enforcement Notice and Stop Sign at Green Lane, Peterstone.

The Chair thanked senior officers for their prompt action.

### **Resolved:**

That Committee

- Noted and accepted the reasons for the waiving of the Contract Standing Orders which were appropriately reflected in the report.
- Noted the decision and justification to issue an urgent Enforcement Notice and Stop Sign in accordance with Standing Orders

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Item	Recommendation	Responsible Officer
<p><b>Minute Item: 4</b></p> <p><b>Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts resulting in Second Unsatisfactory Opinion</b></p>	<ol style="list-style-type: none"> <li>1. That Education is contacted to ensure that the process for regular monitoring and escalating issues is clearly defined and mutually understood.</li> <li>2. That the lead time given by the CTX system flagging up when a DBS check was due for renewal is confirmed.</li> <li>3. That an internal working group is considered for further development to formalise the collaborative approach to monitoring and problem solving.</li> <li>4. A written update report be provided to the Committee in 3 month's time to provide an update to include; up to date facts and figures, DBS Checks for drivers and escorts and an indication of what continuation training was in place</li> <li>5. The Strategic Director and Head of Service attend Committee in 6 month's time to provide a further update.</li> </ol>	<p>Head of City Services</p> <p>Head of City Services</p> <p>Head of City Services</p> <p>Head of City Services</p> <p>Strategic Director for Environment and Sustainability / Head of City Services</p>
<p><b>Agenda Item 6:</b></p> <p><b>Corporate Risk Register (Quarter 2)</b></p>	<ol style="list-style-type: none"> <li>1. Risk around children's service and staff sickness appear to be an issue throughout Wales. Collaborative work with other Welsh authorities or the WLGA may help to mitigate this. Regarding the Medium Term Financial Plan; the Council may consider stimulating the local market to help address issues regarding out of county placements. Whilst these questions are not relevant for Governance and Audit Committee, they will be reported back to the relevant Head of Service.</li> </ol>	<p>Strategic Director for Transformation and Corporate</p>
<p><b>Agenda Item 7:</b></p> <p><b>Audit Wales and Regulatory Bodies Six Month Update</b></p>	<ol style="list-style-type: none"> <li>1. Evidence of the process underpinning the action plan will be shared with the Committee as a link to the published plan; scrutinisation of the plan itself will be carried out in other committees as part of the governance processes.</li> </ol>	<p>The Policy and Partnership Manager</p>

<p><b>Agenda Item 8:</b></p> <p><b>Internal Audit Plan – Progress (Quarter 3)</b></p>	<p>The Chair requested that the minutes of the committee be fed back to Cabinet regarding a reduction in audit staff, and that the Head of Service reconsider his decision under their delegated powers. This was not an unanimously held opinion.</p> <p>That the Strategic Director, Transformation and Corporate and the Head of Finance be invited to the next meeting to provide an update regarding the investigation into Purchase Card usage.</p>	<p>Strategic Director for Transformation and Corporate</p> <p>Strategic Director for Transformation and Corporate / Head of Finance</p>
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# Report

## Governance & Audit Committee

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### Part 1

**Date:** 30<sup>th</sup> March 2023

**Subject** **Complaints, Comments and Compliments – follow up report**

**Purpose** To provide an update on the progress of the actions for improvement that were reported to Governance & Audit Committee in September 2022

**Author** Complaint Resolution Manager

**Ward** All

**Summary** The report provides Governance and Audit Committee with an update on actions for improvement that were included in the Annual Report Comments, Compliments and Complaints 2021/22.

**Proposal** To consider the updates within the report and obtain as necessary any assurance on progress to date.

**Action by** Head of People, Policy & Transformation  
Digital Services Manager

**Timetable** Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy and Transformation

**Signed**

## Background

In September 2022, the Annual Report on Comments, Compliments and Complaints was presented to the Council's Governance Audit Committee. The report provided an overview of how the Council manages compliments, comments and complaints and the Council's performance in 2021/22. The report provided an overview for the year 2021/2022, broken down by service area and complaint type. In 2021/22 the Council received 208 compliments, 4267 comments and 321 complaints and 96% of complaints were resolved through the council's complaints process. The Public Service Ombudsman for Wales (PSOW) intervened with 4% of complaints referred to them. The PSOW expresses that the focus is not on keeping complaints to a minimum but giving customers various platforms in which to raise their concerns. The report reflected on lessons learned for the council to improve and actions to deliver these improvements.

As a public body, the Council is required to ensure stakeholders such as citizens, service users, businesses and anyone else with an interest in the Council's activities are able to provide feedback whether this is a comments, compliments or complaints. Included in the report was an action plan to improve the service delivered by the service and to address issues identified in the report. Following the presentation of the report to the Committee, it was requested for an update to be provided in the next six months on the progress made to date.

Further progress will be reported to the Committee in the 22/23 Annual Report.

## Update

The actions reported are updated below, along with next steps which will be reported in the annual report 22/23:

Action	Progress to (February 2023)
<p>Roll out hybrid training to officers using Teams and e-learning to support effective complaint handling.</p> <p>Also contribute with induction training for new starters including reviewing onboarding and offboarding processes for talent and succession planning.</p>	<p>The Feedback Policy: Compliments, Comments and Complaints underpins the foundation for developing training. It has now been reviewed with and work will commence on developing workshops for staff. The revised Feedback Policy: Compliments, Comments and Complaints was signed off by Cabinet in March 2023.</p> <p>The Feedback Policy: Compliments, Comments and Complaints is a key document for navigating and understanding the complaint process and will support officers and new starters across all services. Key stakeholders have been identified and prioritised, our closest working colleagues have worked with us to ensure that they understand and follow process.</p> <p>Extensive progress has been made through collaborative work with colleagues in Business Support Team, Contact Centre, Refuse &amp; Waste and Wastesavers.</p>
<p>Review My Council Services reporting functions and streamline recording including supporting colleagues in the</p>	<p>Good progress made with significant change implemented in November 2022.</p> <ul style="list-style-type: none"> <li>• Reduction of options for closing complaints</li> </ul>

<p>Contact Centre to capture effective data.</p>	<ul style="list-style-type: none"> <li>• Aligning My Council Services (MCS) closure categories with complaint Feedback Policy: Compliments, Comments and Complaints refusal reasons.</li> <li>• Analysis of historical data highlighted many service requests had been logged as comments – this has now been rectified as per below.</li> <li>• 2 new forms have been developed which allow residents to log service requests directly to waste and recycling.</li> </ul> <p>The complaints form has been revised and we intend to share with the Citizens Panel before launching.</p> <p>The revised form will also capture equalities information, should the resident wish to disclose. This is planned for delivery in Qtr 1 2023/24.</p> <p>The My Council Services system requires updating to reflect the current service area structures – scheduled to be completed during Qtr 1 2023/24.</p>
<p>Collaborate with relevant Council teams to analyse complaint demographics to seek further opportunities for improvement.</p>	<p>We have reviewed a sample and identified some common complaint themes.</p> <p>Following the My Council Services system updates we will work with Newport Intelligence Hub to analyse complaint demographics.</p>
<p>Increase consistency and standardise digital complaints processes in collaboration with Digital Services adopting a multidisciplinary approach.</p>	<p>The Feedback Policy: Compliments, Comments and Complaints review has standardised our approach for complaint handling.</p> <p>Standardised complaint template responses are now in place.</p> <p>The next step will be to consider and align processes and best practice in line with Freedom of Information and Subject Access Requests.</p>
<p>Support and develop service areas to respond to complaints and follow processes in line with our Feedback Policy: Compliments, Comments and Complaints.</p>	<p>The Complaint Resolution team work closely with officers in all service areas to:</p> <ul style="list-style-type: none"> <li>• quality assure complaint responses</li> <li>• provide support and process guidance</li> <li>• offer suggestions and recommendations to improve service delivery &amp; customer journey</li> </ul> <p>The staff training will contain anonymised case studies reflecting best and poor practice including implications of both.</p>

<p>Review and update the Unacceptable Actions Policy</p>	<p>Improvement to complaint processes and standards, including the revision to the Feedback Policy: Compliments, Comments and Complaints now complete, supporting this policy.</p> <p>Full review of the Unacceptable Actions Policy requires involvement from Customer Services &amp; Health &amp; Safety. Work will commence in Qtr 2 2023/24.</p>
<p>Improving accessibility for disadvantaged and vulnerable customers particularly those who are digitally excluded or have accessibility issues</p>	<p>The Council's draft Digital Strategy has a theme of digital skills and inclusion. An action plan is being developed that will build on previous initiatives around digital inclusion as detailed below.</p> <ul style="list-style-type: none"> <li>• NCC provide public access to computers via our library service.</li> <li>• If a citizen is being supported by adult social services for example, loan tablets are available to those in need of a device.</li> <li>• NCC provide free public Wi-Fi to members of the public at over 50 public buildings.</li> <li>• Adult community learning team provide courses on digital learning.</li> <li>• Digital services team are working in collaboration with Digital Communities Wales to provide a free digital skills course in the City.</li> </ul>

**Next Steps**

Annual report 2022/23 to be presented to Governance & Audit Committee in September 2023 with further update to be provided on actions.

**Financial Summary (Capital and Revenue)**

There are no financial implications associated with this report

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to comply with the requirements of the Public Services Ombudsman for Wales in dealing with complaints	H	L	The Council has. <ul style="list-style-type: none"> <li>All policies have been reviewed in line with Public Services Ombudsman (Wales) Act 2019</li> </ul>	Complaints Resolution Manager  Digital Services Manager
Failure to meet the public's expectation for dealing with complaints	H	L	The Council has. <ul style="list-style-type: none"> <li>Consulted with the public to find out what is important to them relating to complaints and complaint handling</li> <li>Consulted with Officers to find out what support is needed to help them respond to complaints effectively</li> </ul>	Complaints Resolution Manager  Digital Services Manager

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

Some of the work identified here is included in changes made to the Feedback, Compliments, Comments and Complaints Policy agreed by Cabinet in March 2023.

The work to improve complaint processes is aligned to the Council's Corporate Plan 2022/27, especially "an inclusive, fair and sustainable council". This is further supported by the Digital Strategy, adopted March 2023.

### Options Available and considered

1. To consider the contents of this report, providing any additional commentary and/or recommendations
2. To request further information or reject the contents of this report

### Preferred Option and Why

Option 1 is the preferred option with recommendations raised by the Audit Committee to be considered in the Annual Report process.

## **Comments of Chief Financial Officer**

There are no financial impacts coming from this report; it simply seeks to provide an update on the progress of the actions for improvement that were reported to Governance & Audit Committee in September 2022.

In saying that, there always remains a possibility that future complaints, comments and compliments will necessitate changes in approach that would have a financial impact. The pragmatism being that any such changes would initially be considered and afforded from within existing budgets. Where that is not possible, it would require additional funding either through the revenue budget, as part of the MTFP process, or one-off funding following the appropriate approvals.

## **Comments of Monitoring Officer**

There are no specific legal issues arising from the report. The Local Government & Elections (Wales) Act 2021 changed the statutory terms of reference of the Governance and Audit Committee to include responsibility for reviewing and assessing the Council's ability to handle complaints effectively and to make reports and recommendations in relation to effective complaints handling. This report provides a 6-monthly update on the progress of the actions for improvement that were reported to Governance and Audit Committee within the Annual Report in September 2022. The Council's Corporate Compliments, Comments and Complaints Policy complies with the guidance issued by the Ombudsman in relation to the handling of complaints, while the statutory social services complaints procedures are in accordance with the Social Services Complaints Procedure (Wales) Regulations 2014 and the Representations Procedure (Wales) Regulations 2014. Governance and Audit Committee are asked to consider the effectiveness of the actions for improvement in light of the update contained in this report and to make any recommendations for inclusion in the Annual Report process for September 2023.

## **Comments of Head of People, Policy and Transformation**

The Council has a responsibility for ensuring that services are provided to a satisfactory level and that we facilitate improvement where issues have been identified. The Council also actively promotes citizen engagement within its operations so that it can act preventatively and involve citizens in its services. The report provides Governance and Audit Committee with an update on actions for improvement that were included in the Annual Report Comments, Compliments and Complaints 2021/22.

There are no staffing implications relating directly to this report, although the report outlines plans for officer training to support effective complaint handling and induction training for new starters.

## **Background Papers**

Newport City Council Customer Feedback Policy Compliments Comments and Complaints  
[Annual Report Compliments Comments and Complaints Management 2022](#)

Dated: March 2023



# Report

## Governance and Audit Committee

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### Part 1

Date: 30 March 2023

**Subject** Quarter 3 22/23 Corporate Risk Register Update

**Purpose** To present an update of the Corporate Risk Register for the end of quarter 3 (1<sup>st</sup> October to 31<sup>st</sup> December 2022).

**Author** Head of People, Policy and Transformation

**Ward** All

**Summary** The Council's Corporate Risk Register monitors those risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users in Newport. At the end of quarter three, there were 14 risks recorded in the Corporate Risk Register that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations.

Overall, there are 7 Severe risks (risk scores 15 to 25); 7 Major risks (risk scores 7 to 14); that are outlined in the report. In comparison to the quarter two Corporate risk register, there were no new and/or escalated risks, and no risks were closed. One risk had decreased its risk score: with the remaining 13 risks remaining the same score. No risks were escalated or de-escalated in quarter three.

As set out in the Council's Risk Management Policy, Cabinet reviews the Corporate Risk Register on a quarterly basis ensuring procedures are in place to monitor the management of significant risks. The Register is likely to change following the approval of the new Corporate Plan and priorities for service delivery.

**Proposal** The Governance and Audit Committee is asked to consider the contents of this report and assess the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to Cabinet.

**Action by** Corporate Management Team and Heads of Service

**Timetable** Immediate

This report was prepared after consultation with:

- Executive Board
- Corporate Management Team

**Signed**

## **Background**

The Well-being of Future Generations (Wales) Act 2015 requires Newport City Council to set Well-being Objectives in its Corporate Plan. As a public body, Newport Council is also responsible for delivering services (statutory and non-statutory) to residents, businesses, and visitors across Newport. We will inherently encounter opportunities and risks that may prevent, disrupt, impact or enhance the delivery of the Council services and achieve the objectives in the Corporate Plan. How the Council responds and manages these opportunities and risks is important to ensure resources are being used efficiently and effectively to maximise value for money and to minimise and/or prevent the risk impacting services, communities, and citizens in Newport.

The Council's Risk Management Policy provides an overview of the Council's approach and its appetite for managing opportunities and risk. To provide assurance on the Council's Risk Management approach, the Corporate Risk Register provides assurance on the most significant risks that the Council was managing in the last quarter.

Officers across the Council regularly manage risk in the course of their duties whether this is health and safety risks, civil contingencies including Covid-19, safeguarding risks to children, young people, adults and carers or risks to assets, buildings, and Council employees. The relevant service area(s) and professional disciplines will be assessing and managing these risks as required and reporting these through their own reporting mechanisms. In accordance with the Council's Risk Management Policy, any new, escalated / de-escalated, and closed risks in the Corporate Risk Register are presented to the Council's Executive Board for decision.

## **Corporate Plan 2022-27 – Corporate / Service Plan Risk Register Updates**

In quarter 3, the Council re-assessed its risk registers (Corporate / Service Risks) considering their impact on the delivery of the Corporate Plan 2022-27. Additionally, service areas (risk owners) were asked to consider the external impacts of the Council's Medium Term Financial Plan (MTFP), increased demand / pressures on services and the cost of living on their risks.

The risk assessments (Corporate) were reviewed by the Council's senior management team due to the external pressures and the financial pressures faced by the Council. Target risk scores have been adjusted to reflect the challenging position and the Council accepting (tolerate) more risk. Throughout the next year, the Council's senior management team will closely monitor the Council's risk position and as necessary re-assess risks.

## **Risk Management Process**

In Newport City Council risks that may prevent or impact on the delivery of our services is continuously monitored and managed at all levels of the organisation. The following diagram below summarises how risks are continuously managed in Newport City Council.

There are many different sources of risks, such as civil contingencies, health & safety, service delivery and projects throughout the organisation where risks to the delivery of the Corporate Plan, or services might be identified and included on the Council's risk register. New risks identified to be included on the register have to be assessed and evaluated to determine their risk scores (Inherent / Residual / Target), existing controls that are in place and where further mitigating controls are required to respond and reduce the overall impact of the risk to the Council. To assess risk scores Newport City Council uses a standard 5x5 matrix that is commonly adopted across Welsh and English local authorities. Appendix 1 of this report shows the risk heat map of the Council's corporate risks using this matrix.



All risks identified are initially agreed by the Head of Service. If the residual risk score is 15 or above or if the Head of Service considers the risk to have an impact on the delivery of services / achievement of Council objectives, it is escalated to the Council’s senior management team to determine whether it is included on the Council’s Corporate Risk Register or if the risk should be managed by the relevant service area(s).

All risks are recorded in the Council’s ‘Management Information Hub’. Every quarter, risk owners, and risk action owners are required to assess and provide an update on the risk score and mitigating actions in place. Any risk that has escalated to 15 or above is automatically escalated and requires the Directors team to consider whether it should be included on the Corporate risk register or if they are satisfied that the responsible owner and mitigating actions are effective to be managed within the service area / team.

As risk mitigating actions are completed and the risk is reduced to meet the target risk score, an assessment will be undertaken by the risk owner to determine whether the risk is closed and if the risk mitigation actions have been sufficient to mitigate the overall risk. For risks on the Corporate Risk Register this responsibility would fall onto the Head of Service and senior management team to determine if the risk can be closed.

## Newport City Council - Quarter 3 22/23 Risk Update

Appendix two of the report, provides an overview of the Council’s overall risks reported at the end of quarter two. This includes corporate and service area risks across the Council’s service areas. In summary, the Council had 47 risks of which:

Total Risks at Quarter 3	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks <sup>*1</sup>	De-escalated Risks <sup>*2</sup>
47	0	5	42	11	6	0	0

## Newport City Council Quarter 3 Corporate Risk Register Summary

At the end of quarter three, the Council’s Corporate Risk Register included 14 of the 47 risks that are considered to pose the most risk to the delivery of Council services and achievement of its strategic priorities. The 14 Corporate Risks consisted of:

- 7 Severe risks (15 to 25)
- 7 Major Risks (7 to 14)

In comparison to the quarter two Corporate risk register, there were no new and/or escalated risks, and no risks were closed. One risk had decreased its risk score: with the remaining 13 risks remaining the same score. No risks were escalated or de-escalated in quarter three.

### **Change in direction of risk score (Quarter Three)**

<b>Risk</b>	<b>Lead Cabinet Member</b>	<b>Lead Directorate / Service Area</b>	<b>Q2 Risk Score</b>	<b>Q3 Risk Score</b>	<b>Commentary</b>
<b>Ash DieBack Disease</b>	Cabinet Member for Climate Change & Biodiversity	Environment & Sustainability / Environment & Public Protection	<b>16</b>	<b>12</b>	Significant works on tree stock are underway.

See also Appendix 2 and 3.

**Appendix 1** - Quarter 3 Corporate Risk Heat Map and Risk Profile

**Appendix 2** – Quarter 3 NCC Service Area Risk Summary.

**Appendix 3** – Newport Council’s Quarter 3 Corporate Risk Register (Attached separately).

**Glossary** – Risk Management terminology and Risk Score Assessment

### **Financial Summary**

There are no direct costs associated with this report.

### **Risks**

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
The Council does not achieve its objectives as corporate level risks are not adequately managed and monitored.	M	L	Risk Management Strategy has been adopted and mechanisms are in place to identify, manage and escalate emerging and new risks / mitigation strategies.  Audit Committee oversight of risk management process.	Directors, Heads of Service and Performance Team

\*Taking account of proposed mitigation measures

### **Links to Council Policies and Priorities**

Corporate Plan 2022-27

Service Plans 2022-27

Robust risk management practices increase the chances that all of the Council’s priorities and plans will be implemented successfully.

### **Options Available and considered**

1. To consider the contents of this report and assessment of the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to Cabinet.
2. To request further information or reject the contents of the risk register

### **Preferred Option and Why**

1. Option 1 is the preferred option with recommendations raised by the Audit Committee to be considered and reported to Cabinet and Officers in accordance with the Council’s Constitution.

## **Comments of Chief Financial Officer**

There are no direct financial implications arising from this report itself. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan.

It is noted that overall, the corporate risk register remains largely unchanged since quarter 2 with one risk decreasing in score to reflect progress made in addressing the issue. The register will continue to be monitored closely and any increasing risk scores that may lead to financial pressures without mitigation will be reflected in established ongoing monitoring and MTFP arrangements.

There are a number of risks with either a direct or indirect financial impact. For example, the risk around balancing the medium term financial position is currently rated as severe, due to the high inflationary environment and increasing demand for services. Whilst a balanced budget for 2023/24 has now been achieved, the challenge of achieving that over the medium term remains, with further difficult decisions being required to do that. Although a balanced budget for 2023/24 is now in place, there remains a risk, as captured within the service risks, that overspends could arise during the year and close financial monitoring will be required in relation to this.

As well as risks specific to Finance, close attention will also need to be paid to risks within services such as Children's Services and schools, as they have the potential to result in additional financial pressure and the need to take action in order to ensure that services remain within the budgets that they have available both in 2023/24 and over the medium term. Any unmanageable impacts may need to be reflected within the Medium Term Financial Plan as an additional pressure, adding to the existing budget gap in the process.

## **Comments of Monitoring Officer**

There are no specific legal issues arising from the report. As part of the Council's risk management strategy, the corporate risk register identifies those high-level risks that could impact upon the Council's ability to deliver its corporate plan objectives and essential public services. Governance & Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements. The identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet. The report confirms that there have been no significant changes in the risk profile during the third quarter of this financial year, as compared with the second quarter, with no additional risks being added to the corporate risk register and no risks being escalated or de-escalated. For the most part, the individual risk scores have also remained the same, with two risk scores being decreased.

## **Comments of Head of People, Policy and Transformation**

Effective monitoring and reporting against the Council's Corporate Risk Register is essential in minimising and preventing the likelihood and impact of risks against our objectives. The Council's risk management is a key area in the implementation of the Well-being of Future Generations Act (Wales) 2015.

The recent changes made to our risk management processes and system will ensure officers at all levels of the organisation have greater control and oversight of their risks taking the necessary action to mitigate their impact and escalate where necessary to senior management.

There are no specific HR issues arising from the report.

## **Scrutiny Committees**

Not Applicable. Audit Committee have a role in reviewing and assessing the risk management arrangements of the Authority.

## **Fairness and Equalities Impact Assessment**

For this report, a full Fairness and Equality Impact Assessment is not required to be undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to

update Governance and Audit Committee on the current risk register and risk management process of the Council.

### **Wellbeing of Future Generations (Wales) Act 2015**

Under the Wellbeing of Future Generations Act (Wales) 2015 and its 5 ways of working principles this report supports:

Long Term – Having effective risk management arrangements will ensure that the opportunities and risks that will emerge consider the long-term impact on service users and communities.

Preventative – Identifying opportunities and risks will ensure the Council is able to implement necessary mitigations to prevent or minimise their impact on Council services and service users.

Collaborative – The management of risk is undertaken throughout the Council and officers collaborate within service areas, Corporate Management Team and the Council's Cabinet to ensure decisions are made in a timely manner and are evidence based.

Involvement – The Council's Risk Management process involves officers across the Council's service areas and Cabinet Members.

Integration – Risk Management is being integrated throughout the Council and supports the integrated Planning, Performance and Risk Management Framework. The Framework ensures that planning activities consider the opportunities and risks to their implementation and overall supports the delivery of the Council's Corporate Plan and legislative duties.

### **Consultation**

As above, the Risk Register is considered by Governance and Audit Committee and Cabinet.

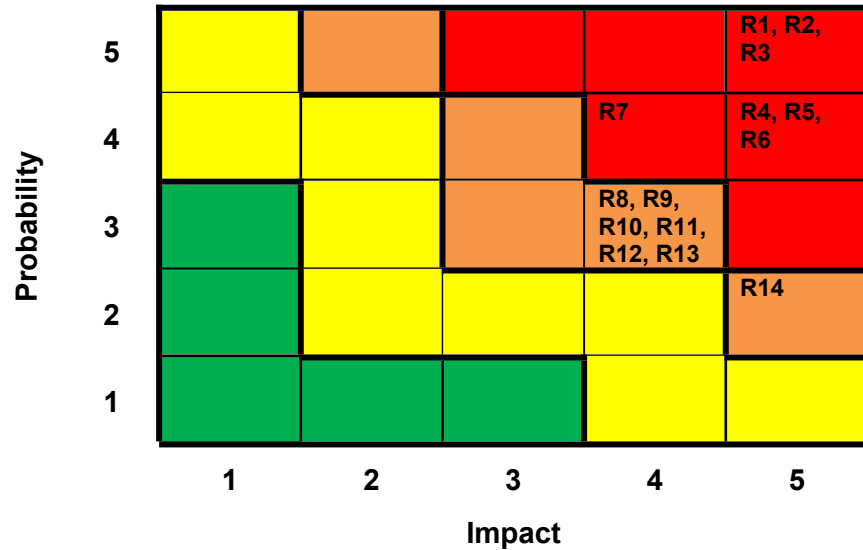
### **Background Papers**

Risk Management Policy 2020-22

Q2 Risk Report January 2023

Dated: 6<sup>th</sup> March 2023

**Appendix 1 – Quarter 3 2022/23 Corporate Risk Heat Map**



<b>Corporate Risk Heat Map Key (Quarter 3 2022/23)</b>	
<b>R1</b> - Stability of Social Services Providers	<b>R8</b> - Ash Die Back Disease
<b>R2</b> - Pressure on Adult & Community Services	<b>R9</b> - Cyber Security
<b>R3</b> - Pressure on the delivery of Children Services	<b>R10</b> - Schools Finance / Cost Pressures
<b>R4</b> - Balancing the Council's Medium-Term budget	<b>R11</b> - Demand for ALN and SEN support
<b>R5</b> - Highways Network	<b>R12</b> - Educational Out of County Placements
<b>R6</b> - Pressure on Housing and Homelessness Service	<b>R13</b> - Welsh Government's Net Carbon Zero Target by 2030
<b>R7</b> - Newport Council's Property Estate	<b>R14</b> - City Centre Security and Safety

**Corporate Risk Score Profile between Quarter 4 2021/22 and Quarter 3 2022/23**

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Quarter 4 2021/22	Risk Score Quarter 1 2022/23	Risk Score Quarter 2 2022/23	(Current) Quarter 3 2022/23	Target Risk Score Q2	Target Risk Score Q3
R1	Stability of Social Services Providers	Cabinet Members for Social Services	Social Services / Adult Services	25	25	25	25	6	12
R2	Pressure on Adult & Community Services	Cabinet Members for Social Services	Social Services / Adult Services	25	25	25	25	10	12
R3	Pressure on the delivery of Children Services	Cabinet Members for Social Services	Social Services / Children Services	20	20	25	25	6	12
R4	Balancing the Council's Medium-Term budget	Leader of the Council / Cabinet	Transformation & Corporate / Finance	9	12	20	20	10	10
R5	Highways Network / Infrastructure	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	20	20	20	20	15	15
R6	Pressure on Housing and Homelessness Service	Cabinet Member for Strategic Planning, Regulation & Housing	Environment & Sustainability / Housing & Communities	20	20	20	20	6	12
R7	Newport Council's Property Estate	Cabinet Member for Infrastructure & Assets	Transformation & Corporate / People, Policy & Transformation	16	16	16	16	9	12
R8	Ash Die Back Disease	Cabinet Member for Climate Change & biodiversity	Environment & Sustainability / Environment & Public Protection	16	16	16	12	6	6
R9	Information and Cyber Security	Cabinet Member for Organisational Transformation	Transformation & Corporate / People, Policy & Transformation	16	16	12	12	10	8



Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Quarter 4 2021/22	Risk Score Quarter 1 2022/23	Risk Score Quarter 2 2022/23	(Current) Quarter 3 2022/23	Target Risk Score Q2	Target Risk Score Q3
R10	Schools Finance / Cost Pressures	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	9	9	12	12	6	12
R11	Demand for ALN and SEN support	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	6	6
R12	Educational Out of County Placements	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	4	4
R13	Welsh Government's Net Carbon Zero Target by 2030	Cabinet Member for Climate Change & Biodiversity	Environment & Sustainability / Environment & Public Protection	12	12	12	12	10	2
R14	City Centre Security and Safety	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	10	10	10	10	8	9

## Appendix 2 – Quarter 3 NCC Service Area Risk Summary

Directorate	Service Area	Total Q3 Risks	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks <sup>*1</sup>	De-escalated Risks <sup>*2</sup>
Chief Executive	Education	5	0	0	5	0	2	0	0
	Regeneration & Economic Development	4	0	1	3	2	1	0	0
Environment & Sustainability	Environment & Public Protection	4	0	1	3	0	1	0	0
	Housing & Communities	4	0	0	4	2	0	0	0
	Infrastructure	5	0	1	4	0	0	0	0
Social Services	Adult Services	4	0	0	4	1	0	0	0
	Children Services	3	0	0	3	1	1	0	0
	Prevention & Inclusion	2	0	0	2	2	0	0	0
Transformation & Corporate	Finance	7	0	2	5	2	1	0	0
	Law & Standards	2	0	0	2	1	0	0	0
	People, Policy & Transformation	7	0	0	7	0	0	0	0
<b>Total</b>		<b>47</b>	<b>0</b>	<b>5</b>	<b>42</b>	<b>11</b>	<b>6</b>	<b>0</b>	<b>0</b>

\*1 – Escalated Risks – Risks that have been escalated from Service area risk registers to Corporate Risk Register

\*2 – De-escalated Risks – Risks that have been de-escalated from Corporate Risk Register to service area risk register

## Glossary

This document provides an explanation of terminology used in this report and supporting documents.

**Risk Appetite** – the amount of risk that Newport City Council is willing to seek or accept in the pursuit of the Council's long term objectives.

**Inherent Risk Score** – The level of risk in the absence of any existing controls and management action taken to alter the risk's impact or probability of occurring.

**Residual Risk Score** – The level of risk where risk responses i.e. existing controls or risk mitigation actions have been taken to manage the risk's impact and probability.

**Target Risk Score** – The level of risk (risk score) that Newport City Council is willing to accept / tolerate in managing the risk. This is set in line with the Council's overall risk appetite.

**Risk Mitigation Action** – Actions identified by the Risk Owner to respond to the risk and reduce the impact and probability of the risk of occurring.

**Risk Mitigation Action (Red Progress Score)** – Significant issue(s) have been identified with the action which could impact on the ability of the action meeting its completion date. Immediate action / response is required resolve its status.

**Risk Mitigation Action (Amber Progress Score)** – issue(s) have been identified that could have a negative impact on the action achieving its completion date. Appropriate line manager(s) should be informed and where necessary action taken.

**Risk Mitigation Action (Green Progress Score)** – The action is on course for delivering to the agreed completion date and within the agreed tolerances.

### **How the Council Assesses Risk**

An assessment of the likelihood and impact of risk is important to measure, compare and monitor risks to ensure efficient use of resources and effective decision making. This assessment is carried out using the risk matrix as described below.

### **Risk Assessment Matrix**

A Corporate Risk Register will contain the high-level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below, and further detail is included in appendix 3.

Risks are scored using the scoring system for probability and impact and assigned a rating based on the tolerances set out in the matrix below

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
5	<b>Severe</b>	Failure of a key strategic objective	Serious organisational / service failure that has direct impact on stakeholders including vulnerable groups.  Service disruption over 5+ days.	<b>Corporate / Project</b>  Unplanned and/or additional expenditure disturbance.  Capital > £1M Revenue >£1M	Legislative / Regulatory breach resulting in multiple litigation / legal action taken on the Council (linked to Financial / Reputational Impacts).	Multiple major irreversible injuries or deaths of staff, students or members of public.  (Linked to Financial / Reputational Impacts)	Severe and persistent National media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and / or Members forced to Resign.	Project status is over 12 months from anticipated implementation date.  Project(s) do not deliver the major benefits / savings identified in business case.  This is linked to Financial / Strategic / Reputational Impacts
4	<b>Major</b>	Severe constraint on achievement of a key strategic objective	Loss of an important service(s) for a short period that could impact on stakeholders.  Service disruption between 3-5 days.	<b>Corporate / Project</b>  Unplanned and/or additional expenditure disturbance. Capital > £0.5M - £1.0M Revenue >£0.5M- £1M	Serious legislative breach resulting in intervention, sanctions and legal action. (Linked to Financial / Reputational Impacts)	Major irreversible injury or death of staff, student or member of public. (Linked to Financial / Reputational Impacts)	Adverse publicity in professional / municipal press, affecting perception / standing in professional /local government community  Adverse local and social media publicity of a significant and persistent nature.	Project status is 6 to 12 months over from anticipated implementation date.  Project(s) do not deliver major benefits / savings identified in business case.  This is linked to Financial / Strategic / Reputational Impacts
3	<b>Moderate</b>	Noticeable constraint on achievement of a key strategic objective /	Loss and/or intermittent disruption of a service between 2-3 days.	<b>Corporate / Project</b>  Unplanned and/or additional	Significant legislative breach resulting in investigation. (Linked to Financial	Major reversible injury to staff, student or member of	Adverse local publicity / local public opinion including social media.	Project status is 1 to 6 months over from anticipated implementation date.

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
		Service Plan objective.		expenditure disturbance.  Capital = £0.25M - £0.5M Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M	/ Reputational Impacts)	public. Not life threatening.  (Linked to Financial / Reputational Impacts)	Statutory prosecution of a non-serious nature.	There is significant reduction on delivery of benefits / savings identified in business case.  This is linked to Financial / Strategic / Reputational impacts.
Page 37 <sub>2</sub>	Low	Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy	Brief disruption of service that has a minor impact on the delivery of a service.  Service disruption 1 day.	<u>Corporate / Project</u>  Unplanned and/or additional expenditure disturbance.  Capital = £0.1M - £0.25M Revenue = £0.1M – £0.25M	Moderate impact leading to warning and recommendations.	Some minor reversible injuries.  (Linked to Financial / Reputational Impacts)	Contained within Directorate Complaint from individual / small group, of arguable merit	Project status is 1 to 4 weeks over from anticipated implementation date.  There is minor reduction on delivery of benefits / savings identified in business case.  This is linked to Financial / Strategic / Reputational impacts.
1	Very Low	Constraint on achievement of Service / Team Plan objective	Minor disruption of a non-critical service.	<u>Corporate / Project</u>  Unplanned and/or additional expenditure disturbance.  Capital < £100k	No reprimand, sanction or legal action.	Some superficial injuries.  (Linked to Financial / Reputational Impacts)	Isolated complaint(s) that are managed through the corporate complaints process and service area.	Project status is 1 week over from anticipated implementation date.  There is insignificant / no impact on delivery of benefits / savings

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
				Revenue <£100k				<p>identified in business case.</p> <p>This is linked to Financial / Strategic / Reputational impacts.</p>

Score	Probability	Criteria
5	<b>Very likely</b> 75% +	<p><b>Systematic Risks</b> – Local evidence indicating <b>very high</b> probability of occurrence if no action / controls are in place. Risk is highly likely to occur daily, weekly, monthly, quarterly.</p> <p><b>Emerging Risks</b> – National and Global evidence indicating <b>very high</b> probability of occurrence on local communities if no action / controls are taken. Risks are highly likely to occur within the next 5 years.</p>
4	<b>Likely</b> 51-75%	<p><b>Systematic Risks</b> – Local evidence indicating <b>high</b> probability occur in most circumstances with near misses regularly encountered e.g. once or twice a year.</p> <p><b>Emerging Risks</b> – National and Global evidence indicating <b>high</b> probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 5-10 years.</p>
3	<b>Possible</b> 26-50%	<p><b>Systematic Risks</b> – Local evidence indicating <b>distinct</b> possibility with circumstances regularly encountered and near misses experienced every 1-3 years.</p> <p><b>Emerging Risks</b> – National and Global evidence indicating <b>distinct</b> probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 10-15 years.</p>
2	<b>Unlikely</b> 6-25%	<p><b>Systematic Risks</b> – Local evidence indicating <b>low</b> to infrequent near misses experienced every 3 + years.</p> <p><b>Emerging Risks</b> – National evidence indicating <b>low</b> probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>
1	<b>Very Unlikely</b>	<p><b>Systematic Risks</b> – Local evidence indicating risk has rarely / never happened or in exceptional circumstances.</p> <p><b>Emerging Risks</b> – National evidence indicating very low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>

**Systematic Risks** – Risks that are known or are becoming part of social, cultural, economic, and environmental systems that govern our lives.

**Emerging Risks** – Risks that are further away, less defined, and early stage of being known about.

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# Corporate Risk Register

## 2022/23 Quarter 3 Update






## Corporate Risk Report Definitions

### Direction of Risk

Direction of Risk	Definition
	The risk score has decreased / improved since the last quarter update.
	The risk score has increased / worsen since the last quarter update.
	The risk score has remained the same since the last quarter update.

### Risk Mitigation Action Plan

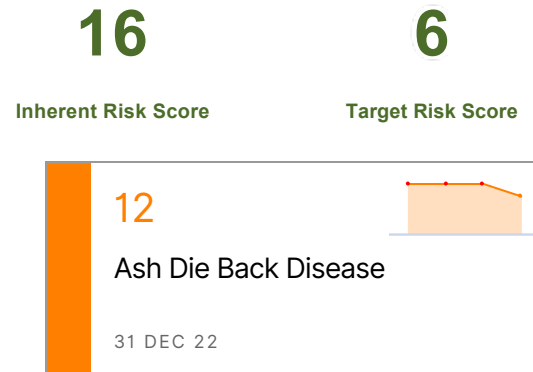
RAG Assessment	Definition
	Action is on track to be completed by the Agreed target date.
	Action is mainly on track with some minor issues preventing the action being completed by the agreed target date. Management interventions required to improve performance and close monitoring by the Head of Service / Service Management Team.
	Action is not on track with major issues preventing the action being completed by the agreed target date. Immediate management interventions and escalation to Directorate Management Board required to improve performance.

### Abbreviations

ALN – Additional Learning Needs  
 BP – Business Partner  
 CCP – Climate Change Plan  
 LAEP – Local Area Energy Plan  
 MTFP – Medium Term Financial Plan  
 NCC – Newport City Council  
 OOC – Out of County  
 PPT – People Policy & Transformation  
 RSL – Registered Social Landlord  
 SEN – Special Education Needs  
 SRS – Shared Resource Service (Newport Council's IT Partner)  
 WLGA – Welsh Local Government Association  
 YJS – Youth Justice Service  
 'Name' – RAG – Defines a programme or project monitoring from service area plans

# Ash Die Back Disease

<b>Risk Overview</b>	Ash Die back disease will affect tree population in Newport. The disease has already been identified in Newport and could kill the majority of Ash trees in the authority. The impact of no action will be significant numbers of tree failures that could see an increase in the number of people harmed by trees and property claims.
<b>Parent Service(s)</b>	Environment & Public Protection (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Climate Change & Bio-diversity



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Monthly and quarterly updates on the management of the Ash Dieback across Newport are provided by the Countryside Management team, this gets reported to the Head of Service and Cabinet Member via regular briefing meetings.</li> <li>The risk has been added to the risk register and is updated on a quarterly basis, with information presented to Scrutiny Committee as part of the performance review system in place.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>Environment &amp; Public Protection has a cyclical inspection regime for all council owned trees and is able to identify, risk assess and remove trees that have Ash Dieback.</li> <li>This does not include management of third party trees. However we will undertake awareness raising to assist people in dealing with this and to help protect the public.</li> <li>NCC also has an emergency response protocol to deal with tree failures from third party land.</li> <li>The Council is aware following a recent independent assessment – known as the i-tree report, the authority needs to improve its tree coverage across the city to assist with drainage, biodiversity and air quality functions and new initiatives to replace trees will need to be undertaken.</li> <li>Due to the losses of Ash trees the Authority is implementing a significant tree replacement programme following the ash removal works.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>NCC Countryside Management team and Tree team use specialist Arboriculture consultants who survey NCC land holdings and identify specimens with the disease at any of the four progressive stages.</li> <li>The team will risk assess the urgency of the work at a particular site based on its location, proximity to the public or property and the stage of the disease.</li> </ul>

## Direction of Risk

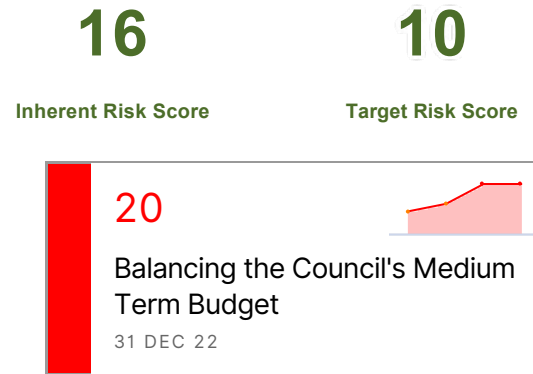
	DoR	Comment
<b>Ash Die Back Disease</b>	↓	Significant works on tree stock are underway.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Collaborative working with partners to identify locations to increase tree coverage.	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Developing an urban tree strategy to increase overall tree coverage	01 Apr 2022	31 Dec 2023	31 Dec 2023	★
 Identify suitable areas for tree planting to cover losses of Ash woodlands	01 Apr 2022	31 Dec 2023	31 Dec 2023	★
 Improve baseline data of tree cover across the local authority area.	01 Apr 2022	31 Dec 2022	31 Dec 2022	★
 Increase tree coverage on Council owned land.	01 Apr 2022	31 Mar 2030	31 Mar 2030	★
 Sustainability of tree stock by maximising locally sourced trees	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Undertake works removing Ash trees owned by NCC	01 Apr 2020	31 Mar 2025	31 Mar 2025	★

# Balancing the Council's Medium Term Budget

<b>Risk Overview</b>	To meet the Council's requirement of reducing the gap between Council spend and Budget allocation over the next 3-5 years
<b>Parent Service(s)</b>	Finance (sv)
<b>Lead Cabinet Member(s)</b>	Leader of the Council & Cabinet Member for Economic Growth & Investment



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Finance reported to key strategic boards on monthly basis e.g. Executive Board, Directorate Management Boards, Corporate Management Team, Service Area Management teams.</li> <li>Finance updates reported to Cabinet on revenue and capital position.</li> <li>Corporate Governance and Council Constitution sets roles and responsibilities of financial management.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>Monthly finance (revenue and capital) forecasting of budgets to identify budget pressures and savings.</li> <li>Finance Business Partners supporting budget holders / senior managers.</li> <li>Budget setting process with senior officers / budget holders. Includes consultation with public and other key stakeholders.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Regulatory / Audit Wales review of Council finances.</li> <li>Internal Audit reviews of finance and financial controls.</li> <li>Local authority network and reporting to Society of Welsh Treasurers and Welsh Government.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Balancing the Council's Medium Term Budget</b>	➡	The overall risk score has not been changed this quarter. Steps have been taken to balance the budget and Welsh Government issued a more positive than expected draft settlement too, which has helped the position.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Lobbying of Welsh Government via Society of Welsh Treasurers and WLGA.	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Procurement review of Contracts and contract inflation	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Regular review of Medium Term Financial Position with other local authorities.	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Review of non-service area budgets and resources	01 Jul 2022	30 Nov 2022	31 Jan 2023	★
 Review of Pressures submitted by service areas.	01 Jul 2022	30 Sep 2022	31 Jan 2023	★
 Robust monitoring of the in-year financial position by service area budget holders.	01 Jun 2022	31 Mar 2023	31 Mar 2023	●

# City Centre Security & Safety

<b>Risk Overview</b>	Minimise the risks and disruption to people and businesses due major incidents or deliberate acts that pose hazards to people and business and can result in structural damage; damage/disruption to infrastructure and utilities; impacts on business continuity, reputation, and the economy, in both the city centre and affected surrounding areas.
<b>Parent Service(s)</b>	Infrastructure (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Infrastructure & Assets

12

Inherent Risk Score

9

Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>The Protect Duty Act is currently going through Parliament, which will create a statutory duty for Counter Terrorism preparedness to be undertaken across all City Centres across the UK.</li> <li>Newport City Council along with the Wales Extremism Counter Terrorism Unit (WECTU), Heddlu Gwent Police and other emergency services have formed the Newport City Council Protectiveness Security and Preparedness Groups (PSPGs), chaired, and led by NCC.</li> <li>A key role of PSPGs will be the multi-agency assessment of current risk and vulnerabilities, and provision of effective mitigation in a proportionate manner. PSPGs will also ensure responsibilities under the new Protect Duty are discharged.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>Included in the NCC Infrastructure Service Area Plan is the objective to ensure Newport City Council is meeting its requirements under the Civil Contingencies Act, by developing and having in place effective governance and control arrangements to identify, prepare and respond to events in Newport.</li> <li>Supporting this objective, the Council has a well-established and integrated Corporate Emergency Management Plan, which outlines arrangements which are intended to assist the co-ordination of the Authority's response to any actual, or threatened incident, or emergency, while maintaining normal services as far as possible.</li> <li>The plan provides a flexible framework of procedures to enable a quick, effective and appropriate response to mitigate the effects of an incident or emergency that may have an impact on the Council's response.</li> <li>The Council's Emergency Management Structure provides a framework of integrated emergency management to ensure co-ordination within the Council and with external agencies. The structure enables the Council to respond at an operational, tactical and strategic level.</li> <li>At a strategic level in any incident a Gold Duty Officer (Chief Executive, Strategic Director, Head of Service) will be available to decide on what actions to take. Via the Civil Contingencies Duty Officer systems, the Council also provides a 365 24/7 incident response.</li> <li>Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Through the duties of the Civil Contingencies Act 2004, that Council also works in partnership with key responding agencies, including the emergency services, to ensure a timely and effective multi agency response to incidents. Multi Agency Plans and Procedures are developed via the Gwent Local Resilience Forum.</li> <li>Due to significant recent major incidents across the UK (Manchester Arena Bombing) the Council with its partners review any recommendations resulting from inquiries to ensure that where necessary appropriate learning is integrated into existing plans and procedures.</li> </ul>

## Direction of Risk

	DoR	Comment
<b>City Centre Security &amp; Safety</b>	➡	Due to unforeseen operational requirements the primary work associated with the security and safety of the City Centre has yet to be delivered. However, through existing Council and Multi Agency Plans and Procedures, generic arrangements are in place to respond to and wherever possible mitigate the impacts of any incident irrespective of cause to any place across the Newport City Council area. Therefore, the risk score remains unchanged.

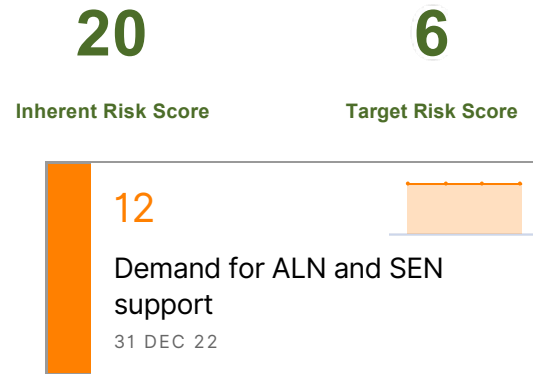
# Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 City Centre Training to Businesses	28 Feb 2020	31 Mar 2024	31 Mar 2024	
 Co-ordinated evacuation arrangements	31 Mar 2020	31 Mar 2024	31 Mar 2024	



# Demand for ALN and SEN support

<b>Risk Overview</b>	Funding to cover Additional Learning Needs (ALN) and Special Education Needs (SEN) provision across the city is insufficient and does not meet the demand of increasing need.
<b>Parent Service(s)</b>	Education Services (sv)
<b>Lead Cabinet Member(s)</b>	Deputy Leader & Cabinet Member for Education & Early Years



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Schools Forum review and agree funding formulas and funding arrangements for school</li> <li>Schools Forum Finance sub-group.</li> <li>ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>ALN Implementation finance subgroup review and discuss a number of funding formula models and agree on the most appropriate to be presented firstly to the Schools forum Finance Sub-Group and if in agreement will be presented at Schools Forum for ratification.</li> <li>ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.</li> <li>Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Demand for ALN and SEN support</b>	➡	In Q3 the risk score has remained static as we continue to maintain the risk within the service area. However due to the increased cost of Teaching Assistants and the potential budget risks for schools this may cause an additional pressure in the future.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition up to age 24	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective dispute resolution	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Education Service Rapid Review Programme - RAG	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Extend specialist provision including Welsh medium within the city to accommodate needs identified...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

# Educational Out of County Placements

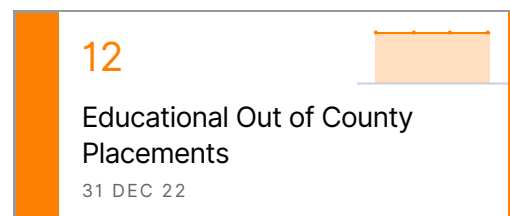
Risk Overview	Limited access to Newport City Council (NCC) provision for pupils who require complex and specialist placements which results on a reliance on Out of County (OOC) placements both day and residential.
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years

**20**

Inherent Risk Score

**4**

Target Risk Score



## Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> <li>ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.</li> <li>Procurement and Head of Service approval needed for OOC placements.</li> </ul>
Internal Controls & Processes	<ul style="list-style-type: none"> <li>ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.</li> <li>Monthly budget monitoring and review of cost of planned OOC placements</li> <li>Procurement and Head of Service approval needed for OOC placements.</li> <li>Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.</li> </ul>
Other Arrangements	<ul style="list-style-type: none"> <li>Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.</li> </ul>

## Direction of Risk

	DoR	Comment
Educational Out of County Placements	➡	The OOC risk has remained the same as the last quarter. We will re-tender for the secondary Social Emotional Behavioral Difficulties (SEBD) provision contract in the spring term and complete the consultation on the proposal to open a secondary Autism Spectrum Disorder (ASD) Base in 2023-24 with a view to retain as many pupil placements locally.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition up to age 24	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective dispute resolution	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Education Service Rapid Review Programme - RAG	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Extend specialist provision including Welsh medium within the city to accommodate needs identified...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

# Highways Network / Infrastructure

<b>Risk Overview</b>	Failure to recognise current levels of under investment in the whole life of the city's highway network assets in the medium to long term will continue to compound existing maintenance backlog figures.
<b>Parent Service(s)</b>	Infrastructure (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Infrastructure & Assets

20                      15  
 Inherent Risk Score                      Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<p><b>Highway Asset Management Plan</b></p> <ul style="list-style-type: none"> <li>A quinquennial Highway Asset Management Plan (HAMP) is produced by City Services, which was last refreshed in 2019. It seeks to document the activities, processes, and information to support strategic investment decisions and long-term maintenance planning.</li> <li>It provides information on the assets we have responsibility for, monitors how they are performing, documents their depreciation and confirms levels of funding required to mitigate the demands placed upon them.</li> </ul> <p><b>Highway Annual Status and Options Report</b></p> <ul style="list-style-type: none"> <li>The highway Annual Status and Options report is a product of the HAMP that records the condition of the assets and seeks to identify and prioritise the funding need.</li> <li>The report sets out the status of our assets in terms of extent, value and condition and presents the projected outcome of identified investment options.</li> </ul> <p><b>Highway Maintenance Manual</b></p> <ul style="list-style-type: none"> <li>The Highway Maintenance Manual documents how the council manages the city's highway maintenance. It sets out how, as highway authority, it discharges its duties and the management of user risk.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>To ensure the asset condition, maintenance requirement and its associated risk to the highway user is understood, the service area undertakes the following internal controls and processes:</li> </ul> <p><b>Reactive Safety Inspections</b></p> <ul style="list-style-type: none"> <li>These are inspections undertaken in response to stakeholder notification of potential maintenance defects</li> </ul> <p><b>Routine Inspections</b></p> <ul style="list-style-type: none"> <li>This is a regime of planned safety inspections designed to identify defects that have the potential to cause harm to users and defects that require repair in order to prevent escalation of deterioration and increased (avoidable) maintenance needs.</li> </ul> <p><b>Condition Surveys</b></p> <ul style="list-style-type: none"> <li>These are both visual and specialist road condition "machine based" surveys, that record the condition of components of the asset to enable a programme of renewal/replacement to be prepared</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>The Highway Asset Management Plan projects an anticipated annual capital investment of £500k and an anticipated £1.86m revenue investment through to the end of the current plan in 2023/24.</li> </ul>

## Direction of Risk

	DoR	Comment
<b>Highways Network / Infrastructure</b>	➡	No change from last quarter

## Risk Mitigation Action Plan

Executive Board have accepted no further Risk Mitigation can be undertaken to manage the risk. Ongoing assurance provided through internal / external audit reviews and regular risk assessments through Directorate / Service Area.

# Information and Cyber Security

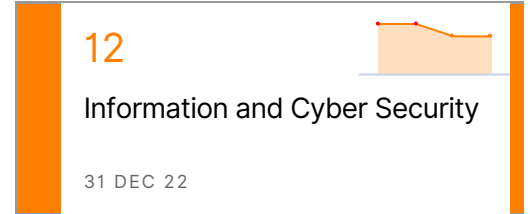
Risk Overview	Management and security of the Council's data to protect from being accessed and processed inappropriately. This includes preventing inappropriate access, loss, theft, and malicious attacks to maintain business continuity and integrity of our data.
Parent Service(s)	People, Policy & Transformation (sv)
Lead Cabinet Member(s)	Cabinet Member for Organisational Transformation

12

Inherent Risk Score

8

Target Risk Score



## Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> <li>Existing governance is documented in the council's information risk management policy. This includes internal groups such as the Information Governance Group chaired by the Director – Transformation and Corporate and the Data Protection Group. It also includes roles of Senior Information Risk Owner (SIRO), Data Protection Officer (DPO), the Information Management team and a designated Cabinet Member with this strategic responsibility.</li> <li>The Annual Information Risk Report is formally reviewed by Overview Scrutiny Management Committee and Cabinet Member – Organisational Transformation.</li> <li>Existing Organisation / Service Area management structure to report and escalate issues to senior officers. Also could be a Programme / Project Board, Task &amp; Finish Group or other governance group which are aware and have oversight of the risk.</li> </ul>
Internal Controls & Processes	<ul style="list-style-type: none"> <li>An Annual IT Health Check is carried out in line with requirements of the Public Services Network (PSN). Regular hardware and software updates are carried out by the IT Service.</li> <li>Technical controls are in place including the use of endpoint protection, firewalls, encryption, backups, security certificates, mobile device management etc.</li> <li>Physical security measures are in place to prevent inappropriate access.</li> <li>Data Protection Impact Assessments (DPIA's) are carried out and an Information Risk Register is managed.</li> <li>The council's IT Service, the Shared Resource Service (SRS), has a security function complementing council staff as well as security embedded in various roles.</li> <li>The council has processes for out of hours incidents including the SRS.</li> </ul>
Other Arrangements	<ul style="list-style-type: none"> <li>Audit Wales conducts independent reviews including on cyber security. The council is a member of the Warning and Reporting Point (WARP).</li> <li>Shared Resource Service is responsible for the Council's management of systems and processes.</li> </ul>

## Direction of Risk

	DoR	Comment
Information and Cyber Security	➡	Since quarter 2 there has not been any change to the risk score. The Council's Shared Resource Service are implementing a security operation centre and a security information and event management system (SOC/SEM) which will provide greater protection when it goes expected to go live in Quarter 4.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Annual Information Risk Report and other information risk management processes and organisation	01 Oct 2022	30 Sep 2023	30 Sep 2023	★
 Implement Security Information and Event Management (SIEM) system and Security Operations Centre.	01 Oct 2022	30 Sep 2023	30 Sep 2023	★
 Information and cyber awareness raising and training programme.	01 Oct 2022	31 Mar 2023	31 Mar 2023	★



# Newport Council's Property Estate

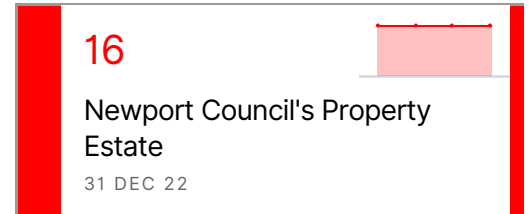
<b>Risk Overview</b>	NCC has a significant property estate covering over 170 operational buildings (circa) such as the Civic Centre, Telford Depot, and its school estate etc. The Council has to ensure the estate is maintained to required standards to enable access, safety, security and in the long term sustainable for staff and residents to use.
<b>Parent Service(s)</b>	People, Policy & Transformation (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Infrastructure & Assets

**20**

Inherent Risk Score

**12**

Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>The Council's Capital Strategy Asset Management Group is responsible for the monitoring, delivery and reporting of the Council's Assets. This is represented by senior officers from the Council and representatives from the Council's Property Services partner, Newport Norse.</li> <li>The Schools' / Social Services estate is also overseen by the People Capital Group which also includes representatives from the Council's Property Services partner, Norse Norse and Council representatives.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>Newport Council has contract arrangement with Newport Norse who oversee the management and maintenance of the Council's estate. Service Areas are responsible for the building assets which they use across the Council's estate.</li> <li>Newport Norse are responsible for undertaking regular building condition assessments to ensure that they meet necessary legislative and building regulations. The assessments completed by Newport Norse are risk assessed and reported through the Council's governance groups. Maintenance work completed on the Council's estate is prioritised based upon risk including any reactionary / immediate work that has to be completed.</li> <li>School's estate is devolved to schools and managed through their arrangement with Newport Norse and the Corporate Landlord Policy establishes responsibilities also.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Newport Council has a maintenance budget of £1.5m in its capital programme. However, it is estimated that the Council should be spending £8.5m pa. The Council has a contract arrangement with Newport Norse to oversee and manage the estate portfolio (including schools)</li> </ul>

## Direction of Risk

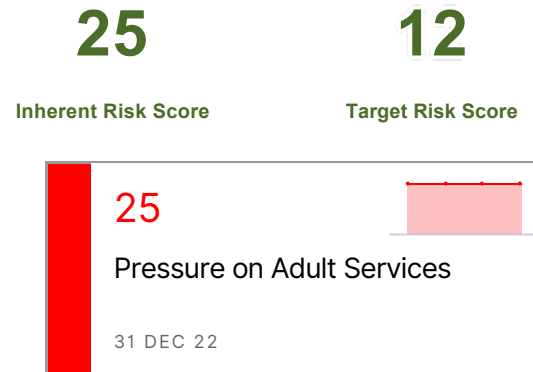
	<b>DoR</b>	<b>Comment</b>
<b>Newport Council's Property Estate</b>	➡	There have been no significant changes to the estate that would warrant a change in the risk score. The state of the estate is down to its age and lack of investment. The Council have begun on a significant rationalisation programme which will include discussions around targeted investment to reduce this risk score

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Adherence to the Corporate Landlord Policy and ensuring that all Premises Managers are accountable.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Asset Rationalisation - RAG	01 Oct 2022	31 Mar 2025	31 Mar 2025	★
 Develop and manage effective contract management arrangements with Newport Norse.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Establish the Civic Centre investment requirements to provide a suitable office environment.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Review NCC Strategic Asset Management Plan, and Disposal and Asset transfer strategies.	01 Oct 2022	31 Mar 2023	31 Mar 2023	★

# Pressure on Adult Services

<b>Risk Overview</b>	There is increasing pressure on Adult Services to deliver services to adults with complex and long lasting needs. With an increase in demand / volume of referrals and care packages the Council has seen an increase in costs whilst in the context of tightening budgets. There are also additional statutory requirements to safeguard adults in our care and prevent risk of harm, injury or a loss of life.
<b>Parent Service(s)</b>	Adult Services (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Social Services



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Newport Council has a new structure with a Director of Social Services and three service areas to deliver Social Services.</li> <li>There are regular Directorate and Service Area meetings held to monitor and report the delivery of Adult Services.</li> <li>At a regional level the Council is part of the Regional Partnership Board which oversees the delivery of social services across Gwent.</li> <li>A Population Needs Assessment has been undertaken for Gwent in relation to the forecasting of demand and provision of services across Newport and Gwent.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>NCC Adult Services has various mechanisms to monitor and report on the delivery of its services through financial and non-financial performance measures.</li> <li>Regular reports and updates are provided through Directorate, Service and Team management levels in the organisation.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>The delivery of Adult Services is subject to External Regulatory review through Care Inspectorate Wales.</li> <li>Internal Audit provide assurance in relation to the delivery of Adult Services.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Pressure on Adult Services</b>	➡	The risk score for quarter 3 has not improved since quarter 2. The winter pressures on Adult services has continued on the workforce and complexity of need on service users. Workforce vacancies and inability to recruit is also impacting on the service. Budgetary pressures on the cost of living and provider costs also impact.

# Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Appointeeship Service - RAG	01 Apr 2021	31 Mar 2024	31 Mar 2024	●
 Dementia Hwb in Newport - RAG	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Hospital Service - RAG	01 Oct 2022	31 Mar 2023	31 Mar 2023	★
 Integration of Frailty service into Info, Advice & Assistance hub - RAG	01 Apr 2021	31 Mar 2023	31 Mar 2023	●
 Redesign of Adult Services - RAG	01 Oct 2022	31 Mar 2024	31 Mar 2024	●

# Pressure on Housing & Homelessness Services

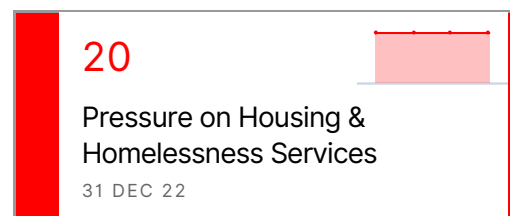
Risk Overview	Increased pressures being faced by the Council's housing service as result of new legislative requirements, lack of affordable permanent accommodation, cost of living crisis and uncertainty over future financial grants from Welsh Government
Parent Service(s)	Housing & Communities (sv)
Lead Cabinet Member(s)	Cabinet Member for Strategic Planning, Regulation & Housing

**20**

Inherent Risk Score

**12**

Target Risk Score

















## Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> <li>Housing and Homelessness is being monitored through existing governance arrangements through the Directorate Management Board and Service Management Team.</li> <li>Furthermore there are existing team arrangements to monitor and report the delivery of the service.</li> <li>The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated subgroups with Registered Social Landlords and Rough Sleeper Strategic Group.</li> </ul>
Internal Controls & Processes	<ul style="list-style-type: none"> <li>Weekly meetings are held with the finance BP to discuss budgets and forecasting.</li> <li>The Housing and Homelessness teams also submit monthly finance forecasts and produce quarterly performance measures to monitor performance.</li> <li>There are also other operational performance measures monitored and reported through the teams.</li> <li>The team also submit monthly Wales Housing statistics to Welsh Government.</li> </ul>
Other Arrangements	<ul style="list-style-type: none"> <li>Welsh Government grants were received during 2022-23 which reduce the overall spend on the housing advice and temporary accommodation service.</li> <li>WG has advised that additional grant funding will be forthcoming in future years but has given no indicative figures.</li> <li>The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated sub groups with Registered Social Landlords and Rough Sleeper Strategic Group.</li> <li>NCC provides regular monitoring performance reports on its housing and homelessness position.</li> </ul>

## Direction of Risk

	DoR	Comment
Pressure on Housing & Homelessness Services	➔	Welsh Government's 'No one left out' policy continues to have an impact on the number of households whom the authority has a statutory duty to accommodate in temporary accommodation. Supply is not keeping pace with demand and the cost of living crisis is likely to increase this demand further. A number of initiatives are being explored to increase the supply of temporary and permanent housing.

# Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Complete a Private Rented Sector Strategy	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Deliver Housing Support Programme Strategy (HSPS) and undertake review of actions	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Develop a cost-effective training program, quality standards & KPIs to support housing staff.	01 Jan 2023	31 Mar 2024	31 Mar 2024	
 Develop a methodology for assessing the impact of affordable housing on community well-being.	01 Oct 2022	31 Mar 2023	31 Mar 2023	★
 Develop an overarching Corporate Housing Strategy.	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Develop initiatives to support an effective private rented sector.	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 New on-call service is developed and introduced providing best value to citizens.	07 Nov 2022	31 Mar 2024	31 Mar 2024	●
 Newport Housing Sector Programme - RAG	01 Oct 2022	31 Mar 2027	31 Mar 2027	●
 Produce a Housing Prospectus	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Produce a Local Housing Market Assessment	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Recruit a Strategic Co-ordinator to take forward the Rapid Rehousing Transition Plan	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Review the Common Allocations policy in line with rapid rehousing.	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Review the Community Housing Protocol	01 Apr 2021	31 Mar 2023	31 Mar 2023	●
 Work with RSL partners to apply for emerging funding streams for the development of accommodation	01 Oct 2022	31 Mar 2023	31 Mar 2023	●

# Pressure on the Delivery of Children Services

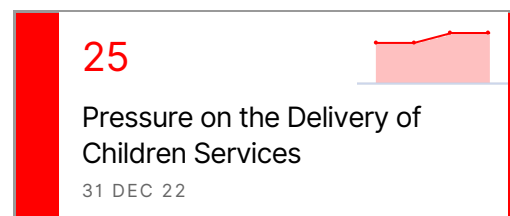
<b>Risk Overview</b>	Children Services are facing pressures to manage to manage increase in volume of referrals and cases of children with complex needs. This is in a context of inflationary cost rises and budgets not being able to meet these cost increases; alongside recruitment and retention issues across the Social Care sector and in Newport.
<b>Parent Service(s)</b>	Children Services (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Social Services

**25**

Inherent Risk Score

**12**

Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Children Services delivered in accordance with Social Services and Well-being Act, Well-being of Future Generations and Children's Act.</li> <li>There are governance arrangements in place at local, regional and national levels.</li> <li>Directorate and Service Management Teams meet monthly to provide service and performance updates on the delivery of the service. This includes performance, finance and HR information to inform decision making. Additionally, the Council's Executive Board and Corporate Management Team has oversight in the delivery of services.</li> <li>At a regional (Gwent) level, Heads of Service and Director of Social Services represent Newport Council at the Regional Partnership Board. Service pressures are reported here and collaborative working between agencies and other local authorities.</li> <li>The Safeguarding Board and Children's Family Strategic Partnership Board collaboratively work at regional levels to monitor and manage demand issues.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>The Council's Children Services teams deliver services in compliance with the Social Services and Well-being Act and Children's Act. Internal Controls and processes are established to meet these requirements under the different Acts.</li> <li>WCCIS system monitors and records caseloads and case management across social services. Regular (Monthly) check ins and case management meetings are held between the Council's staff and managers to monitor and manage caseloads.</li> <li>Collaborative and co-production working takes place between Children Services and other agencies to manage caseloads. This includes Foster Wales.</li> <li>Human Resources – HR Business Partners support Managers with the recruitment and retention of staff including working the Council's Communications team to promote social care roles.</li> <li>Finance – monthly forecasting and monitoring of finances across Children services. Mechanisms in place to escalate budget pressures and Finance Business Partners forecasting demand pressures / resources. Commissioning and procurement to find best value for residential placements.</li> <li>Performance Management – Monthly reporting to Welsh Government and regular performance monitoring of services in Newport.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Care Inspectorate Wales (External Regulator) and Internal Audit provide assurance of governance, internal control and risk management.</li> <li>Third sector partnership working with Barnardos – prevention and statutory functions supporting families, MyST, residential homes provision, and Foster families.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Pressure on the Delivery of Children Services</b>	➔	Children Services continues to have high demand for services and a crisis in recruitment and retention. The current budget position is highly likely to have a huge impact on delivery of services moving forward.

# Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Access appropriate regional and National workforce development groups.	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Acquisition of new YJS intervention hub.	01 Oct 2022	31 Mar 2025	31 Mar 2025	
 Children Services - Provide regular sessions for well-being and support for staff.	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Children Services - Support staff to access social care training to social work qualification.	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Develop support provided by the YJS incorporating robust early intervention and prevention work.	01 Apr 2022	31 Mar 2024	31 Mar 2024	
 Extend the Rapid Response team with an expanded evening and weekend crisis offer.	01 Oct 2022	30 Jun 2023	30 Jun 2023	



# Schools Finance / Cost Pressures

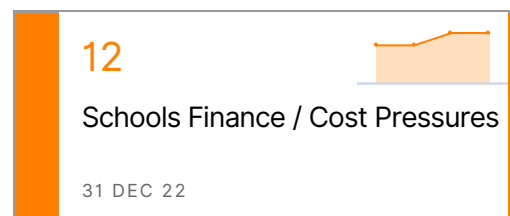
<b>Risk Overview</b>	Cost pressures of schools are not met resulting in increased deficit budgets
<b>Parent Service(s)</b>	Education Services (sv)
<b>Lead Cabinet Member(s)</b>	Deputy Leader & Cabinet Member for Education & Early Years

**20**

Inherent Risk Score

**12**

Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Structures within Education and Finance support the escalation of identified issues to senior officers, Heads of Services and Executive Board.</li> <li>In addition, the Schools Forum is a statutory committee which acts as a consultative body in relation to any changes to the schools funding formula, and task and finish sub-groups are created to consider specific elements where necessary.</li> <li>Schools Governors are also responsible for monitoring and reporting school finance positions.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>The Finance Business Partners provide a key role through their relationships with schools, and support early identification of emerging issues.</li> <li>Any issues are escalated to the Lead and Senior Finance Business Partners and the Assistant Head of Education to consider intervention and discussions around appropriate mitigating actions.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>Each school has a Service Level Agreement with the Council to support them in financial planning and monitoring, although schools have a choice in the level of service they wish to procure under these arrangements.</li> </ul>

## Direction of Risk

	DoR	Comment
<b>Schools Finance / Cost Pressures</b>	➡	Colleagues in Finance have used the autumn term to work with schools to review their financial positions for 2022/23 and consider their sustainability into 2023/24. The situation remains very fragile and it is likely that at least one school will close the current year in deficit. There is a possibility of a number of schools being unable to set a balanced budget for 2023/24.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Monitoring of Primary, Secondary & Special Schools In-Year Budgets	01 Apr 2020	31 Mar 2022	31 Mar 2023	
 Review approved school budgets and investigate future spend plans...	01 Apr 2022	31 Mar 2024	31 Mar 2024	

# Stability of Social Services Providers

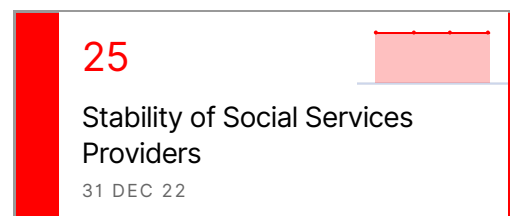
<b>Risk Overview</b>	The Council requires support from external providers to deliver care packages for children and adults (residential / Non Residential). The current marketplace for external providers is volatile due to the increasing costs to provide care, maintain homes, staffing meeting legislative and regulatory requirements.
<b>Parent Service(s)</b>	Adult Services (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Social Services

**25**

Inherent Risk Score

**12**

Target Risk Score



## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>Newport City Council is consistently reviewing and monitoring the provision of residential and non-residential care providers in the city and across the region.</li> <li>Regular Directorate and Service area meetings are held including representatives from Finance to assess and forecast the Council's financial position.</li> <li>Extensive work being undertaken regionally and nationally to support providers and to explore alternative models of provision. This includes Welsh Government officials and is linked to extensive focus and work with health colleagues to explore care in hospital settings and the need to provide community based care.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>The Council undertakes regular monitoring and assessment of placements and care packages across Adult Services.</li> <li>The Commissioning team are in weekly if not daily contact with providers in order to support packages of care. Similarly staff from the teams are in very regular contact with residential providers including links with Care Inspectorate Wales.</li> <li>The Council's financial monitoring and reporting of care provision is also undertaken monthly. Contract management arrangements are in place to manage provision and ensure providers meet necessary requirements, standards and provide value for money.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>The focus on this area of work is extensive including external monitoring.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Stability of Social Services Providers</b>	➡	Quarter 3 risk score remains the same as quarter 2. Commissioning team are continuing to support provider services to ensure carer support is available in the community and targeted on the most vulnerable.

# Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Collaborate with residential/dom care providers to ensure fair & sustainable costs are maintained	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Increase the provision of accommodation for adults with learning disabilities.	01 Oct 2022	31 Mar 2024	31 Mar 2024	

# Welsh Government's Net Carbon Zero Target by 2030

<b>Risk Overview</b>	Welsh Government has set a target for all public sector bodies to be net zero carbon by 2030. To achieve this target, NCC has a Climate Change Plan 2022-27 to deliver key actions and projects.
<b>Parent Service(s)</b>	Environment & Public Protection (sv)
<b>Lead Cabinet Member(s)</b>	Cabinet Member for Climate Change & Bio-diversity














## Existing Arrangements to Manage Risk

<b>Governance</b>	<ul style="list-style-type: none"> <li>The Climate Change Plan is overseen by the Climate Programme Board. Six subgroups are in place to lead on each of the themes which reports to the Climate Programme Board.</li> <li>Strategic Director (Environment &amp; Sustainability) is the chair of the Climate Programme Board and lead officer of the Climate Change Plan.</li> <li>Strategic Director (Transformation &amp; Corporate) is Deputy Lead and Vice Chair.</li> </ul>
<b>Internal Controls &amp; Processes</b>	<ul style="list-style-type: none"> <li>Quarterly reports are reported to the Programme Board and Cabinet Member and half yearly reports are reported to Overview and Scrutiny Management Committee.</li> <li>An Annual Report which includes council carbon emissions is reported to Cabinet each year. Action plans are reviewed on an annual basis to agree work for the following year.</li> </ul>
<b>Other Arrangements</b>	<ul style="list-style-type: none"> <li>The council is working with partners to implement the Local Area Energy Plan which is the route map to a carbon net zero energy system by 2050 for the whole of the local authority area.</li> <li>The council is also working with One Newport partners to develop a Newport-wide strategy.</li> </ul>

## Direction of Risk

	<b>DoR</b>	<b>Comment</b>
<b>Welsh Government's Net Carbon Zero Target by 2030</b>	➡	Whilst good progress is being made in all areas, a piece of work needs to be undertaken to establish the full scope of what is required to achieve Net Zero Carbon by 2030 across areas. This is taking place in 2023/24, including across our supply chain which represent over 50% of our emissions.

## Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Accelerate the roll out of access to Electric Vehicle charging for residents (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Engagement with Newport's industrial cluster to decarbonise (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Identify and apply for funding to support actions across the Climate Change Plan.	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 New buildings net zero and retrofit existing buildings (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 PPT support the Council's Climate Change Plan delivering Our Buildings, Our Land and Procurement	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 PPT support the Council's Wider Role to achieve net zero in the Climate Change Plan.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Support Cardiff Capital Region work on regional Domestic Energy Efficient schemes (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support reducing transport emissions and develop integrated network (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support reduction in emissions of goods and services the Council procures (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support to improve organisation Climate Change Culture & Leadership	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Support to reduce transport emissions and develop integrated network (Climate Change Plan)	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

# Report

## Governance and Audit Committee

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### Part 1

**Date:** 30<sup>th</sup> March 2023

**Subject** **Lessons Learned – 2021-22 Accounts Closedown and Financial Statements Preparation**

**Purpose** This report presents the findings of an initial lessons learned review carried out by finance officers following the 2021/22 accounts closedown. It gives an assessment on the findings of the lessons learned review and the plans in place to implement for 2022/23 and the key risks to the closedown process for 2022/23.

**Author** Chief Accountant

**Ward** All

**Summary** Following the closedown of the 2021/22 accounts, a lessons learned review was undertaken to put into place further improvements for the closedown of the accounts process. This lessons learned review is taken as a matter of course, and with the issues that arose from the audit of the 2021/22 accounts, this review is of high importance to ensure improvements are delivered for 2022/23.

**Proposal** **To note the lessons learned process that has been carried out to date and the planned improvement following lessons learned review.**

**Action by** Chief Accountant / Assistant Head of Finance

**Timetable** Immediate

This report was prepared after consultation with:

- Finance Teams
- Audit Wales

**Signed**

## Background

Audit Wales have issued an unqualified true and fair view assessment of the Statement of Accounts for 2021/22. However, there will always be refinement issues from the annual audit process captured in Audit Wales' ISA260 Report and this year was no exception.

This report considered improvements alongside the ISA260 Report which was submitted to Governance & Audit Committee on 26<sup>th</sup> January 2023. The ISA260 reports captured the issues raised, their cause and an initial reflection about how such issues can be mitigated in future, where possible.

Whilst the volume is similar to that of previous years, there are 2 notable trends

- the extent of work required to fixed asset presentation;
  - This included reviewing and removing net nil book asset entries
  - As a result of late changes to national requirements by Audit Wales and CIPFA, Newport were also required to adjust PPE for construction inflation and infrastructure asset reporting changes
- a number of audit points pertain to the incorporation of data from other organisations (e.g., City Deal, Newport Transport, related parties).

## Process for improvement

The process for challenge and improvement for the 2022/23 accounts closedown and financial statements has taken place and key officers involved in the accounts closedown were asked to provide their thoughts on what went well, key areas of risk and how they could be managed and improved upon. The next stage of this process is now to review these findings and look at the improvements that can be implemented prior to the preparation of the 2022/23 year end accounts.

In general, it was felt that the Statement of Accounts process went well, but there are always areas that can be improved upon and the audit process will always provide improvement suggestions. Indeed, it should be noted that the majority of treatments reflecting £738million gross assets, £684million liabilities and net £54million reserves, and annual revenue expenditure transactions of £293million and income transactions of £284million are accounted for satisfactorily and go unreported. However, this report will focus on the areas that could be improved and detail the work that can be done to facilitate this.

## Pre-draft accounts preparation

Whilst Covid restrictions relaxed in 2022/23, the production of the 2021/22 Statement of Accounts was still set against the continued backdrop of the pandemic, which impacted on the completion of the accounts in a number of ways. This included the usual resource challenges within the small team primarily responsible for producing the accounts, as well as introducing extraordinary volatility in the form of "late" grant awards and administration.

The team has also been a key part of the move towards a new ledger system, so key individuals needed to balance their time effectively through the audit process to satisfy both priorities. This also involved other colleagues stepping forward and doing tasks for the first time. Unhelpfully, this coincided with a need to accommodate significant movements in fixed asset reporting, increasing the level of work required when resources are already tight.

One issue highlighted in the ISA260 Report was the need to include a compensatory entry of £893,000 to the Movement in Reserves Statement (MIRS) to allow that to balance. This was discussed with auditors at drafting stage as the Council had exhausted its review and it was hoped by making that adjustment and allowing the audit process to kick off, that a fresh pair of eyes and insight might better identify the cause. This was not the case and Audit Wales included a recommendation for the Council to review and address this prior to the 2022/23 closedown process commencing. It is important to note that this compensatory entry was only required in order to correctly classify £893k within the various department headings in the



statement of accounts. All technical adjustments have been done correctly and as such, the balancing entry did not compromise the quality of the accounts. However, work has started to resolve this and a large proportion of this £893k has been reviewed and now classified correctly.

In common with previous years, a task timetable was agreed with senior accountants. Most tasks were completed within timescale, but as with previous years the accruals process overran, and the earmarked reserve position continued moving until the 3<sup>rd</sup> week in May.

## **Reserves**

The 2021/22 revenue outturn position was significantly more favourable than anticipated, resulting in a large underspend, partly driven by the late allocation of grant funding by Welsh Government to local authorities across Wales. The intention had been to transfer the full underspend to a single reserve, for allocation following the May election. However, it proved necessary to make transfers to other reserves, which introduced significant delays, with the final earmarked reserves position only crystallising in late May. Whilst the technical team was able to proceed on limited aspects of the balance sheet preparation in the meantime, reserves presentation remains fundamental to many notes and so the process was delayed.

In order to try and mitigate this risk for 2022/23 a number of changes are being introduced within this area so the impact on statement of accounts is minimised. The administration and approval will be done before the year end for those transfer requests which are either budgeted for or previously agreed, which will ensure that the work required to be done for the accounts is completed as much as possible before year end and minimise the level of transfers requiring member approval.

## **Accruals**

The accruals process (the creation of debtor and creditor balances) also overran from the date agreed within the timetable. Part of this remains due to the volume of necessary housekeeping undertaken during year end on outstanding purchase orders. This remains a particular challenge in Education due to Easter holidays impacting schools' admin staff availability, and most schools still do not use the Council's corporate ordering system.

Meeting the earlier statutory deadlines remains extremely difficult and those councils that manage to do so, are only able to, having moved much of that housekeeping and administration to during the year rather than at the year end, so they can more quickly progress the Accounts preparation and production at year end.

Also, many have moved to an automated system generated process where for instance expenditure accruals are based on purchase orders outstanding that have been goods receipted. In Newport, there is still a degree of manual intervention, as colleagues report that services are responsible for housekeeping their orders and that exercise isn't being done frequently or robustly to be able to rely upon the automated production of accruals with considerable review by service accounting teams. This is something that will need to be addressed once the new system is introduced for it to work as effectively as it should.

## **Information from Third Parties**

A number of ISA260 Report recommendations pertain to the incorporation of data from third parties (e.g., Newport Transport and City Deal), and the manual nature of process will always introduce an increased risk of error or misinterpretation. There are simple care and attention and transposition errors regarding related party disclosures, which are easy audit criticisms and do not involve any technical judgements. Due to the resource challenges that come from having a small team, the capacity of the team is being increased by one extra post and it is expected that this additional resource will reduce some of the pressure around year end and enable more time to be spent on reviewing working papers and notes to the accounts.

Some of the Newport Transport issues appear to follow a historic convention, which suggests a greater emphasis of checking whether our interpretation of provided information is clear/understandable to any reader, when our usual focus is primarily on getting our sole entity accounts right. There will also be a

focus on looking at City Deal aspects as part of the MIRS imbalance review, which may result in subsequent revised treatment.

### **Importance of Coding and Categorising**

An increasing focus of Audit Wales feedback has been on gross rather than net account presentation, which has led them to conclude “overstatements” to individual notes. Whilst our traditional net position remains accurate in the Statement of Accounts and so main Statements are correctly reported, staff will be reminded of the importance about how transactions are subsequently categorised so that this issue is resolved for 2022/23.

### **Annual Governance Statement**

A significantly revised version of the Annual Governance Statement was received on 6<sup>th</sup> December 2022 with a final signed version of the statement received 23<sup>rd</sup> January 2023. The timetabling of this activity does need to be reviewed. It needs to be brought far further forward in the process in getting both draft and final discussed by Governance & Audit Committee earlier and ultimate sign off by Chief Executive and Leader prior to the draft Accounts submitted to the Governance & Audit committee which would usually be June/July. This would align with the Welsh Government recommendation that the Annual Governance Statement is published at the time the draft annual accounts are signed and dated by the responsible financial officer.

Audit Wales are required to use the version supplied to get comfort about the control environment in operation, which it cannot do if a significant adjusted version is provided in December, which would be one to two months after the traditional end of the audit process and was only able to be accommodated this year due to the audit process not concluding as early as it normally would. For 2022/23, the intention is for the Annual Governance Statement to be completed much earlier in the process, which should avert the issues experienced last year.

### **Fixed Assets**

There were three main issues relating to fixed assets in this year’s accounts, two of which could not have been reasonably foreseen prior to preparing the draft accounts.

- Construction inflation uplift – this was an all-Wales issue, which was raised by Audit Wales from their quality assurance exercise of the previous year. It was shared with Newport after the draft Accounts were prepared. As our current system only expects to see one valuation change per asset per annum, it was not straightforward applying this construction inflation uplift after the 2021/22 valuations and reconciling asset movements subsequently, given their impact to impairment, revaluation reserve, depreciation reconciliation etc.

There will be the same issue for the 2022/23 so the annual construction inflation will need to be resolved early on in the year end process, so that it can be added to any Norse generated valuation changes and impairment aspects, ensuring that it is only the net resulting position that becomes adjusted for in the Fixed Asset Register.

- Infrastructure assets – highly unusually, CIPFA issued retrospective guidance on the treatment of this class of assets which could not have been anticipated at the time draft accounts were prepared. The main focus of the revised guidance and statutory override allows assumption to conclude gross book value and accumulated depreciation of replaced components are self-balancing when they are written out, on the premise that the whole economic life for those old assets would have expired.

Whilst this is a national issue, it has meant that, whilst reviewing our treatments, we have not decommitted any amounts when we have added Highways capital maintenance additions annually – so we would struggle to be able to conclude our infrastructure value is not overstated (ignoring

the fact that the various CIPFA requirements over the years mean it will never equate to an accurate value of the infrastructure network). This review will be important when migrating information over to the new system, to ensure that the data transferred has been cleansed. The process for what is required to transfer the data over to the new system has been agreed and documented.

- As part of their audit, Audit Wales identified £23.0 million of property, plant and equipment assets with a net book value of zero in the draft accounts. £12.8 million of those assets were confirmed as no longer in use by the Council, and so therefore needed to be removed from the 2021-22 accounts, which was done for the final accounts. Whilst we were planning on undertaking this exercise as part of the work migrating data to the new system, the auditor's overstatement challenge is reasonable and stems from not having a robust approach to be able to ascertain whether we have retained relatively short life vehicle, plant and equipment once their economic life has been exhausted, or if they have been disposed of. Much of this is due to the historic identification of these assets within the fixed asset register, and the lack of information or service contact. This is not an easy retrospective fix and current staff are working with the vagaries of their predecessors. There is a recommendation within the ISA260 Report which states that this review should continue into 2022/23.

To address this recommendation, and improve the process and avoid the need for the extraordinary efforts this year to get net nil book asset queries below audit materiality levels, each record will now require a service contact and a proforma form will be devised that prompts a response from the service area when an asset life expires to understand whether they have disposed of asset, (and in which case both gross book value and accumulated depreciation can be deleted from Fixed asset register), or if they are still using it, what secondary value and life they attach to it so that asset record can be amended/updated.

## **Valuations Process**

In addition to the traditional recurrent rolling 5-year valuations, assets can also be revalued annually if they have also derived enhancing capital expenditure. Anecdotal examples suggest there may be some opportunities to reduce the volume of those ad hoc annual valuations that are deemed necessary. For instance, Norse regarded water main replacement as enhancing expenditure to require a new valuation at a school which it only formally revalued a year earlier. So whilst it is agreed a school needs access to water, if that is a repair to maintain the service rather than significantly increasing the capacity, there is argument that it is secondary to the purpose of the asset and not enhancing to prompt a valuation recalculation of the school, and advocate reaffirming to Norse a convention that "enhancing" capital expenditure ought to equate closely to our capital definition tests i.e. that to be enhancing, it must significantly enhance the value of an asset, its life or its usefulness.

Education colleagues ought to have a plan as to what the capacity needs are across the City into the future, and their capital building programmes act to address, influence and satisfy that necessity. So, it may be more appropriate/strategic to switch to a more holistic future centric school roll target in such re-valuations. But if so those conversations with Norse would need to be concluded prior to the year end to affect their 2022-23 valuations.

## **Leasing & IFRS 16 adoption**

As we move towards adopting IFRS 16 (Leases), our accounting and records for leases is being reviewed. It will change on adoption, but in the interim, there remains some ambiguity caused by services practices and their using the term "lease" to cover a multitude of situations when, for instance, they may instead

mean contract hire. Unfortunately, due to the time constraints during the closing process, the team is not able to scrutinise each agreement to ascertain the spirit or legal form and commonly if the service suggests it being a lease it has been accepted as such.

The general premise of lease accounting is fairly straight forward to recognise the value of the arrangement in full upfront and unwind it over the period of lease through the payment of annual revenue amounts. Historically, this has been complicated when those recurrent revenue payments have instead been afforded by capital expenditure, as mistakenly the value of that expenditure has been equated to the value of the asset in some situations. A document has been compiled which can be referred to when considering leasing activities as to how they should be shown and their categorisation considerations. The accounting entries required upon implementation of IFRS 16 have also been worked through when adopting “on use” assets. Welsh Government have been notified that we will not be adopting IFRS 16 until 2024/25 so there is time to review and refine our approach.

### Related Party relationships

For the 2021/22 accounts, 16 members did not submit updated annual declarations. This is the second year that Audit Wales have flagged this weakness within the ISA 260. This is also despite additional measures being introduced to try and increase the level of declarations received. The importance of the submitting the returns will be highlighted to members again as well as seeking the engagement of Party Leaders to help ensure updated declarations are received. The process will continue to be reviewed in 2022/23 and so if there is no improvement to the number of returns received more tougher measures will be considered.

### Financial Summary (Capital and Revenue)

There are no direct financial implications arising from this report

### Risks

There are a number of key risks to the closedown process that need to be mitigated against. The following table highlights these.

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
Delayed accounts due to reliance on third parties	M	L	Estimations/judgements may be required where the information isn't available from third parties i.e., accruals Ensure third parties are aware of timetable deadlines	Finance
New policies/treatments	L	L	Knowledge of changes to the 'Code' and impact on the Authority's financial statements. Attendance at relevant year end courses. Discussions with auditors at early stage of process.	Finance

Impact of new system migration on key staff	H	M	Constant Communication between the Council and the Audit team needs to happen to ensure that areas of work are prioritised depending on when Accountancy staff need to be released to work on the new system. As part of the council down process, additional staff are being trained to ensure there is some additional capacity within the team	Chief Accountant
Failure to approve and publish the accounts before the 31 May deadline increases the risk of qualification and increases reputational external perception risks.	M	L	The Council works with its Auditors to ensure the Accounts are prepared and suitably reflect the financial position of the authority	Chief Accountant /Assistant Head of Finance

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

Effective financial management is essential if an organisation is to achieve its stated objectives.

### Options Available and considered

Note and provide any comment for the planned improvement following lessons learned review.

### Preferred Option and Why

As above

### Comments of Chief Financial Officer

The outcome of the 2021/22 audit process was largely positive, in that an unqualified opinion was issued and the number of issues identified within Audit Wales' ISA 260 report was relatively low. However, there are always opportunities to improve the process and reduce the issues identified in future years. This report highlights areas that will be reviewed in advance of the 2022/23 closedown process and, ideally, rectified so that they are not issues in future years. In addition, an internal process of review will continue so that other opportunities to identify efficiencies or improve the quality of the accounts can be capitalised upon.

### Comments of Monitoring Officer

There are no legal implications arising. The Council is fulfilling its statutory and regulatory requirements in ensuring that it can meet statutory deadlines regarding its Statement of Accounts.

### Comments of Head of People, Policy and Transformation

There are no staffing implications arising from the report which is a key part of our regulatory framework and reflects sound financial management

## **Scrutiny Committees**

N/A

### **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with their purpose being to provide members with an overview of the steps being taken in preparing for the forthcoming closure of accounts process. The Wellbeing of Future Generations (Wales) Act 2015 forms an integral part of the financial management of the Council

To support the delivery of the Wellbeing of Future Generations Act, public sector bodies including local authorities should be considering the seven corporate areas of change including finance. This report submitted to the Audit Committee is a demonstration of how the Council's finance team are self-reflecting on their performance and improving their delivery. This is also a good demonstration of having a collaborative approach with the Council's service areas and External Audit (Audit Wales) to implement their improvements and to have sufficient assurance that the processes are effective and efficient to meet the necessary legislative requirements

## **Crime and Disorder Act 1998**

N/A

## **Consultation**

N/A

## **Background Papers**

Statement of Accounts 2021/22 - available to public.

ISA 260 Audit of Financial Statements 2021/22 – available to public

Dated:

# Newport City Council

# Newport City Council Group

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Outline Audit Plan 2023

Audit year: 2022-23

Date issued: March 2023



1

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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# About Audit Wales

Our aims:

## Assure



the people of Wales  
that public money is  
well managed

## Explain



how public money  
is being used to  
meet people's  
needs

## Inspire



and empower the  
Welsh public sector  
to improve

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Our ambitions:



Fully exploit our  
unique perspective,  
expertise and  
depth of insight



Strengthen our  
position as an  
authoritative,  
trusted and  
independent voice



Increase our  
visibility,  
influence and  
relevance



Be a model  
organisation for the  
public sector in  
Wales and beyond

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# Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.



**Adrian Crompton**  
Auditor General for  
Wales

## My audit responsibilities

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I complete work each year to meet the following duties:

- I audit the financial statements of Newport City Council (the Council) and Newport City Council Group (the Group) to make sure that public money is being properly accounted for.
- The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.
- The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which it is doing this.

## Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Council.

In addition to my responsibilities for auditing the Council's and Group's financial statements, I have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the review of the Greater Gwent Crematorium Joint Committee; and
- the certification of a number of grant claims and returns as agreed with funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to you in my Detailed Audit Plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

## Performance audit work

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

# Fees and audit team

Page 85  
In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I will provide an estimate of your fee in my Detailed Audit Plan, following completion of my detailed risk assessment.

### Your engagement team:

<b>Matthew Edwards</b>	<b>Engagement Director and Audit Director (Financial Audit)</b>
<b>Gary Emery</b>	<b>Audit Director (Performance Audit)</b>
<b>Gareth Lucey</b>	<b>Audit Manager (Financial Audit)</b>
<b>Timothy Buckle</b>	<b>Audit Manager (Performance Audit)</b>
<b>Kathryn Watts</b>	<b>Audit Lead (Financial Audit)</b>
<b>Martin Gibson</b>	<b>Audit Lead (Performance Audit)</b>

We confirm that our audit team members are all independent of the Council and its officers.

# Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
<b>Outline Audit Plan 2023</b>	March 2023	March 2023
<b>Detailed Audit Plan 2023</b>	March-May 2023	June 2023
<b>Audit of financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of financial statements report</li> <li>• Opinion on the financial statements.</li> </ul>	March-November 2023	November 2023
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and risk assessment</li> <li>• Thematic review – commissioning and contract management</li> <li>• Thematic review – financial sustainability in local government</li> <li>• Planning services</li> <li>• Collaboration and partnerships</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	

# Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD<sup>1</sup> and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



## Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning and development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- External quality control reviews
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

<sup>1</sup> QAD is the Quality Assurance Department of ICAEW

# Appendix I – the key changes to ISA 315 and the potential impact on your organisation

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Key change	Potential impact on your organisation
<p><b>More detailed and extensive risk identification and assessment procedures</b></p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> <li>• information on your organisation’s business model and how it integrates the use of information technology (IT);</li> <li>• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;</li> <li>• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and</li> <li>• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.</li> </ul>
<p><b>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</b></p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> <li>• IT applications relevant to financial reporting;</li> <li>• the supporting IT infrastructure (e.g. the network, databases);</li> <li>• IT processes (e.g. managing program changes, IT operations); and</li> <li>• the IT personnel involved in the IT processes.</li> </ul>



Key change	Potential impact on your organisation
	<p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>
<p><b>Enhanced requirements relating to exercising professional scepticism</b></p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p><b>Risk assessments are scalable depending on the nature and complexity of the audited body</b></p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p><b>Audit teams may make greater use of technology in the performance of their audit</b></p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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# Report

## Governance and Audit Committee

### Part 1

**Date:** 30 March 2023

**Subject** Draft Work Programme

**Purpose** To report the details of this Committee’s work programme.

**Author** Democratic & Services Officer

**Ward** General

**Summary** The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Governance & Audit Committee function. This report presents the current work programme to the Committee for information and details the items due to be considered at the Committee’s next two meetings.

**Proposal** **The Committee is asked to endorse the proposed schedule for future meetings, confirm the list of people it would like to invite for each item, and indicate whether any additional information or research is required.**

**Action by** Governance and Audit Committee

**Timetable** Immediate

### Background

The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Governance & Audit Committee function. Attached at Appendix 1 is the forward work programme for this Committee. Below are the items scheduled to be presented at the Committee’s next two meetings. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item, and indicate whether any additional information or research is required.

<b>25 May 2023</b>
Appointment of Chairperson
Treasury Management Year End Report 2022/2023
Corporate Risk Register Quarter 4
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, January to March)
Call in Strategic Director-Transformation and Corporate and the Head of Finance re Purchasing Cards (Transactions) resulting in an Unsatisfactory Opinion

Update report on PTU Taxi Contracts resulting in Second Unsatisfactory Opinion- January 2023
Audit Wales Annual Report on Grants Works 2020-21 and 2021-22 Draft
Annual Governance Statement Draft
Internal Audit Annual Report 2022-2023
Internal Audit Annual Plan 2023-2024
Referrals to Audit Committee

<b>27 July 2023</b>
Corporate Risk Register (Quarter 1 April to June)
Statement of Accounts 2023/24
Audit of Financial Statements Report 2022/23
SO24/Waiving of Contract Sos: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract Sos (Quarter 1, April to June)
Audit Wales and Regulatory Bodies 6-month update
Referrals to Audit Committee

## Comments of Chief Financial Officer

There will be financial consequences for some of the reviews undertaken. These will be commented upon as the reports are presented. The preparing and monitoring of the work programme is done by existing staff for which budget provision is available.

## Comments of Monitoring Officer

I have no comments, as there are no legal implications.

## Staffing Implications: Comments of Head of People and Business Change

There are no staffing implications within this report. Any staffing implications of the reviews in the work programme will need to be addressed in individual reports.

## Background Papers

None.

## Appendix 1

*(Audit Committee to meet every other month unless circumstances dictate otherwise)*

<b>25 May 2023</b>
Appointment of Chairperson
Treasury Management Year End Report 2022/2023
Corporate Risk Register Quarter 4
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, January to March)
Call in Strategic Director-Transformation and Corporate and the Head of Finance re Purchasing Cards

(Transactions) resulting in an Unsatisfactory Opinion
Update report on PTU Taxi Contracts resulting in Second Unsatisfactory Opinion- January 2023
Audit Wales Annual Report on Grants Works 2022-23 Draft
Internal Audit Annual Report 2022-2023
Internal Audit Annual Plan 2023-2024
Annual Governance Statement Draft
Audit Wales Annual Audit Summary 2022
Audit Wales Annual Audit Plan 2023
Referrals to Audit Committee

<b>27 July 2023</b>
Corporate Risk Register (Quarter 1 April to June)
Statement of Accounts 2023/24
Audit of Financial Statements Report 2022/23
SO24/Waiving of Contract Sos: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract Sos (Quarter 1, April to June)
Audit Wales and Regulatory Bodies 6-month update
Referrals to Audit Committee

<b>28 September 2023</b>
Progress Against Internal Audit Plan 2023/24 Quarter 1
Annual Report on Compliments, Comments and Complaints Management 2023
Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts- 6 month Update
Corporate Risk Register (Quarter 2 July to Sept)
Audit of Financial Statements Report 2021/22
Audit Enquiries Letter 2021/22
Referrals to Governance and Audit Committee

<b>26 October 2023</b>
Internal Audit Plan – Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Treasury Management Report
Lessons Learned 2022/23

**25 January 2024**

Internal Audit Plan – Progress (Quarter 3)

Financial Memorandum on the 2021-22 Financial Audit

Audit Wales and Regulatory Bodies 6-month update

Internal Audit Unsatisfactory Audit Opinions (6 monthly report)

Referrals to Audit Committee

**28 March 2024**

Corporate Risk Register (Quarter 3)

WAO Annual Report on Grants Works 2022-23

Annual Governance Statement (draft statement)

Member Development Self Evaluation Exercise

Referrals to Audit Committee

**30 May 2024**

Appointment of Chairperson

Treasury Management Year End Report 2023/2024

Corporate Risk Register Quarter 4

SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, January to March)

Audit Wales Annual Report on Grants Works 2023-2024 Draft

Internal Audit Annual Report 2022-2023

Internal Audit Annual Plan 2024-2025

Audit Wales Annual Audit Summary 2023

Audit Wales Annual Audit Plan 2024