

Report

Governance and Audit Committee

Part 1

Date: 27th May 2021

Item No: 8

Subject **Draft Annual Governance Statement 2020/21**

Purpose To inform and give Members an opportunity to contribute to the Council's Annual Governance Statement, which will accompany the Annual Statement of Accounts for 2020/21.

Author Chief Internal Auditor

Ward General

Summary In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement with its Annual Statement of Accounts. This Statement is based on how well the Council meets its own Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure.

Proposal **To review the draft Annual Governance Statement and provide appropriate comments before recommending its presentation alongside the Annual Statement of Accounts 2020/21.**

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

Signed

Background

1. In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement (AGS) alongside its Annual Statement of Accounts. The AGS is based on the Council's Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure.
2. The Code sets out Newport City Council's approach to achieving and maintaining good corporate governance. It follows guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and also takes account of the Welsh Assembly Government's 'citizen-centred governance principles for Wales'.
3. Newport City Council (the Council) is by nature, a complex organisation which affects the lives of all citizens in the area: As well as providing a diverse range of services, it also works with partner organisations who provide other public services. The Council's aims and priorities reflect these responsibilities.
4. The Council sees Corporate Governance as aiming to do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.
5. Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.

Governance Principles

6. The Council operates through a governance framework that brings together its legislative responsibilities and management processes. The Council's Governance arrangements are in line with the following principles:

Overarching requirements for acting in the public interest

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

Achieving good governance in the public sector also requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management

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

7. The Council's AGS, shown at Appendix 1, is based around these governance principles and demonstrates how it ensures that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
8. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
9. The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
10. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Overall Council Internal Audit Opinion for 2020/21 is **Reasonable**

	2018-19	2019-20	2020-21
Good	10	7	5
Reasonable	27	19	23
Unsatisfactory	10	6	1
Unsound	1	0	0
Total	48	32	29

11. The governance framework has been in place at the Council for the year 2020/21.

Financial Summary

12. There are no financial issues related to this report.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

Risks

13. If Members are not involved in the endorsing the Annual Governance Statement it would weaken the overall governance arrangements of the Council and be non-compliant with the Public Sector Internal Audit Standards, which therefore, could be subject to adverse criticism from the external auditor, currently WAO.

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?
Members not involved with Annual governance process	M	L	The Chief Internal Auditor has compiled the AGS and taken it to Audit Committee for discussion and comment.	Chief internal Auditor

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

14. The Governance framework and arrangements supports all of the Council's priorities and plans.
15. Giving management assurance on systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision, looking after the public pound makes our City a better place to live for all our citizens, hence Improving People's Lives.
- To make our city a better place to live for all our citizens
 - To be good at what we do
 - To work hard to provide what our citizens tell us they need

Options Available

16. This is a factual report and therefore there are no specific options to be considered. The annual report provides a mechanism for monitoring the performance and progress of the Internal Audit

team and the adequacy of the Council's internal control environment to ensure the public pound is spent wisely and appropriately and that fraud, theft and corruption is minimised.

17. That the Annual Governance Statement be accepted and presented alongside the Annual Statement of Accounts 2020/21, subject to any amendments suggested by the Audit Committee.

Preferred Option and Why

18. Option (1) as it is requirement of the Accounts and Audit (Wales) Regulations 2014, the Public Sector Internal Audit Standards and ensures good governance.

Comments of Chief Financial Officer

19. I can confirm that I have been consulted on the Annual Governance Statement 2020/21 and have no additional comments.

Comments of Monitoring Officer

20. In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council's internal governance arrangements are set out in various constitutional framework documents under the umbrella of the Code of Governance. The Code has been prepared in accordance with relevant Guidance and incorporates the seven core governance principles developed by the Independent Commission on Good Governance in Public Services. It also reflects legislative requirements and ethical principles of democratic decision-making. Compliance with the Code will ensure that decisions continue to be made lawfully and with propriety and in a fair and transparent manner.

Comments of Head of People and Business Change

21. There are no other specific HR issues arising as a result of the report. In terms of Corporate Policy & Performance, the report presents a review of audit activity during the period concerned and is set out in the context of performance framework. Clearly the work of the audit team is critical in giving assurance that the work of the Council is being undertaken within the set policies and procedures. It is also critical in ensuring that the organisation meets its statutory responsibilities under the Well-being of Future Generations Act (2015).

Comments of Cabinet Member

22. Not applicable.

Local issues

23. No local issues.

Scrutiny Committees

24. Not appropriate.

Equalities Impact Assessment

25. Not required.
26. The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage

and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

27. As this is an annual review of the governance arrangements in place at Newport City Council there is no need for an Equalities Impact Assessment. Internal Audit forms part of the governance process and all audits are undertaken in a non-discriminatory manner.

Children and Families (Wales) Measure

28. Not appropriate.

Wellbeing of Future Generations (Wales) Act 2015

29. In compiling this report the principles of this Act have been considered:

- Long term: The Internal Audit workload is based on an annual operational plan supported by a 5 year strategic plan; this supports the governance arrangements
- Prevention: Good strong governance should identify strengths and weaknesses which gives management the opportunity of preventing gaps in service provision getting worse. This should also minimise the potential for fraud, theft, loss or error.
- Integration: Internal Audit support service managers and heads of service to ensure sound governance arrangements are in place within their area of responsibility; this should ensure sound stewardship of public money.
- Collaboration: The Council's partnership arrangements should have sound governance arrangements in place to strengthen accountability and transparency within the public sector.
- Involvement: Heads of Service and Senior Managers are responsible for governance arrangements within their own service areas and are invited to contribute to the Annual Governance Statement.

Crime and Disorder Act 1998

30. The work undertaken by Internal Audit should minimise potential fraud, corruption, theft or misappropriation within the Council. Allegations of potential criminal activity will be investigated and reported to the police where appropriate. Internal Audit contribute towards the Council's governance arrangements.

Consultation

31. Not appropriate.

Background Papers

32. 2020/21 Approved Revised Audit Plan; 2020/21 Annual Internal Audit Report; Corporate Plan; Cabinet and Scrutiny papers; Council policy and procedures.

Dated:

APPENDIX 1

ANNUAL GOVERNANCE STATEMENT 2020/21

DRAFT 1

Andrew Wathan



ANNUAL GOVERNANCE STATEMENT 2020/21



Newport City

DRAFT 01

Andrew Wathan, Chief Internal Auditor



What is Corporate Governance?

Corporate governance is the system of rules, practices and processes by which an organisation is directed and controlled. Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

What does 'Good' Corporate Governance look like?

Good governance is about the processes for making and implementing decisions. It's not about making 'correct' decisions, but about the best possible process for making those decisions, ensuring that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

What this statement will tell you

The Annual Governance Statement is a requirement of the Accounts and Audit (Wales) Regulations 2014. This Statement demonstrates that Newport City Council is compliant with these Regulations for 2020/21.

It describes the governance framework in place within the Council, how the effectiveness of the governance arrangements has been monitored and evaluated during the year with evidence and examples and sets out any changes planned for 2020/21.

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE); the 'Delivering Good Governance in Local Government Framework 2016' and 'Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

This statement was compiled during the Coronavirus disease (COVID-19) pandemic which, in the first few months, resulted in the suspension of all public and non-essential meetings.

The sound governance framework in place at Newport City Council is detailed in the revised Code of Corporate Governance 2019/20 which includes a detailed list of all governance arrangements.

1 Scope of Responsibility

- 1.1 Newport City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2011 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.
- 1.4 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 1.5 The Council's Code of Corporate Governance sets out its commitment to good Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government', was initially approved by Cabinet and then Council in July 2013 with a further update approved by Cabinet in July 2014. The Code has been updated in 2019/20. A copy of the Code can be obtained from the Head of Finance.
- 1.6 The Code of Corporate Governance outlines the key governance arrangements in place at Newport City Council and as such will be cross referenced to where relevant throughout this Annual Governance Statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council throughout the year 2020/21, and up to the date of approval of the statement of accounts.

3 The Governance Framework

3.1 The Council's Governance arrangements are in line with the following principles:

Overarching requirements for acting in the public interest

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

B. Ensuring openness and comprehensive stakeholder engagement

Achieving good governance in the public sector also requires effective arrangements for:

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

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

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

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

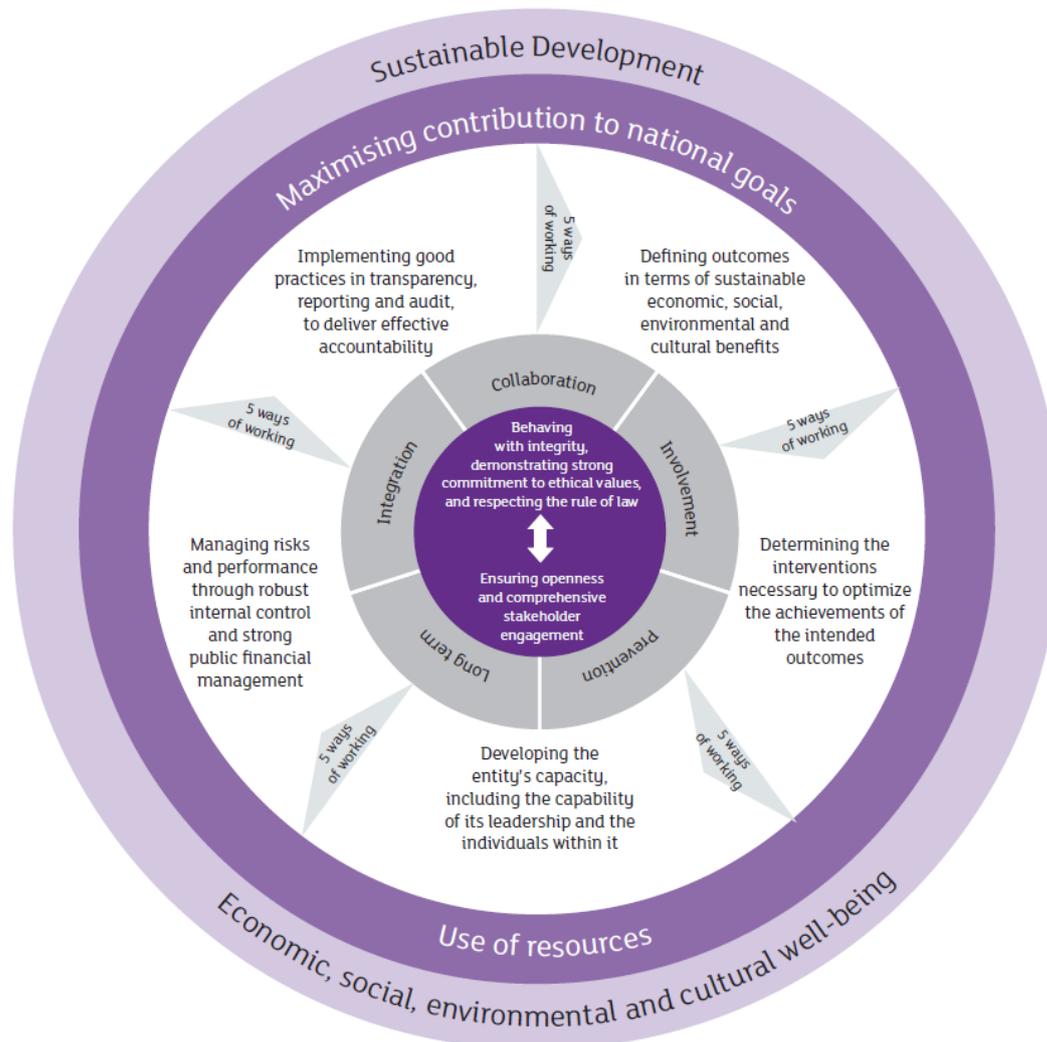
The Statement will cover these principles in more detail from Section 6 onwards.

Wellbeing of Future Generations (Wales) Act 2015

3.2 The diagram on the following page brings together the above principles of good governance with the requirements of the Well-being of Future Generations (Wales) Act 2015; it shows sustainability as all-encompassing, with the core behaviours of:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- Ensuring openness and comprehensive stakeholder engagement

This needs to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Wales.



The Three Lines of Defence in effective Risk Management and Control

3.3 Assurance can come from many sources within the Council. The Three Lines of Defence is a concept for helping to identify and understand the different sources of assurance.

By defining these sources into three categories:

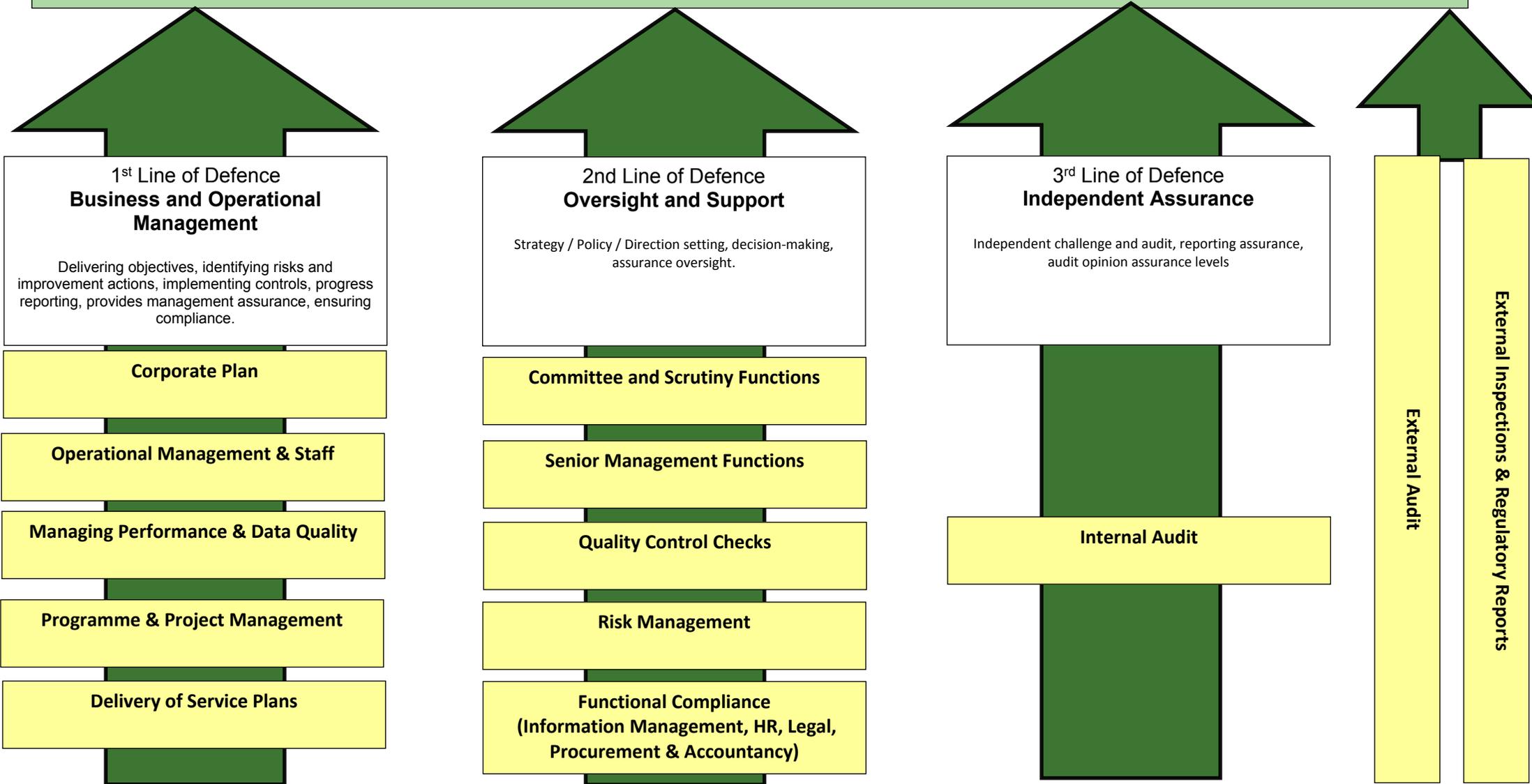
- First Line - functions that own and manage risks e.g. management and supervisory controls;
- Second Line - functions that oversee risks e.g. Governance structures and processes such as Scrutiny Committees, policies and procedures and;
- Third Line - functions that provide independent assurance on the management of risks e.g. Internal Audit along with external providers of assurance such as External Audit and External Inspections & Regulatory Reports (e.g. ESTYN & CIW).

The model helps the Council understand how each area contributes to the overall level of assurance and how best good governance can be integrated and supported.

Annual Governance Statement (AGS)

Audit Committee
(AGS Approval Committee)

Leader, Cabinet Members, Chief Executive, Chief Financial Officer, Monitoring Officer, Corporate Management Team
(Provides oversight of the 3 lines of defence assurance framework)



Corporate Plan

3.4 The Council's Corporate Plan for 2017 to 2022 "Building on Success – Building a Better Newport" sets out the 5 year vision and direction for the Council.

3.5 The Corporate Plan forms part of the Council's policy framework, and prior to agreement had been through the necessary consultation with scrutiny and members of staff.

3.6 Within the Corporate Plan twenty commitments for change, relating to the following four key areas have been outlined:

- Resilient communities,
- Thriving city,
- Aspirational people,
- Modernised Council.

3.7 Newport City Council's Well-being Objectives are:

- To improve skills, educational outcomes and employment opportunities
- To promote economic growth and regeneration while protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

3.8 The Corporate Plan is delivered through service area plans. Service plans are set in conjunction with Cabinet Members and scrutiny committees to ensure oversight and accountability for the delivery of the actions.

3.9 An annual report of progress against the Corporate Plan is presented to members (Cabinet October 2020) and published so that it can be shared with all employees and members of the public to present an open and transparent view of how the Council is working towards its vision and objectives and how further work will be focused to ensure further improvement.

ONE Newport Public Service Board

3.10 The One Newport Public Service Board (PSB) Newport's Well-being Plan (2018-23) which represents the combined strategic planning intent of a partnership of the key public service providers in Newport including the Council – for improving the quality of life in terms of the economic, social, cultural and environmental well-being of Newport. This Plan was approved by the Board May 2018.

3.11 PSBs were established by the Well-being of Future Generations (Wales) Act 2015 (WFG) and must work in accordance with the sustainable development principle and achievement of the seven wellbeing goals by:

- assessing the state of the City's economic, social, environmental and cultural wellbeing;

- setting local objectives that are designed to maximise their contribution within the City to achieving those goals;
- taking all reasonable steps to meet those objectives.

3.12 The well-being objectives of the Plan are linked to the Well-being Objectives. The Plan identifies 13 priorities in the 4 areas of Economic, Social, Cultural and Environmental.

3.13 Performance of the Well-being Plan was reported through the Performance Scrutiny Committee – Partnerships during 2020/21, October 2020 and February 2021.

3.14 Newport's stakeholders are encouraged to get involved with shaping the policies and decisions of One Newport PSB through the Involve Newport Citizens' Panel and the One Newport Engagement and Participation Strategy.

4 Coronavirus (Covid-19) Pandemic

4.1 The Coronavirus pandemic (WEF March 2020) had caused significant organisational disruption including new emergency responsibilities, increased staff absence and a requirement for staff to work from home (where possible) while continuing to ensure statutory services were maintained as expected. This statement assesses the governance in place during 2020/21.

4.2 In accordance with the Council's Corporate Emergency Management Plan (revised March 2019) an Emergency Response Team (ERT) was established along with a regional multi-agency Strategic Co-ordination Group (SCG) to deal with this pandemic. These groups met on a daily basis during March 2020 and meetings continued throughout 2020/21.

4.3 Once enacted, the Corporate Emergency Management Plan allowed for an emergency management structure and delegation of emergency powers to the ERT Gold Duty Officer in consultation with the Leader of the Council.

4.4 During the early stages of the pandemic response, the Council operated with an Interim Chief Executive which became a permanent appointment in July 2020.

4.5 The pandemic impacted on the Council's delivery of services as some staff were diverted to front line duties to ensure that critical services were prioritised. There were also new areas of activity as part of the national response to Coronavirus for example providing emergency assistance to businesses in Newport.

4.6 There has been funding and logistical consequences of delivering the local government response. To ensure appropriate governance and accountability, these costs have been identified by staff and appropriately coded on the Council's Main Accounting System and reclaimed from Welsh Government.

4.7 In line with public health measures to mitigate the spread of Coronavirus and to enable the Council to focus on the delivery of critical services, all public meetings were initially suspended. This included Council meetings, meetings of full Cabinet and all committee and sub-committee meetings, including Scrutiny, Planning and Licensing.

- 4.8 Urgent decisions were made in accordance with the officer and members' schemes of delegation as detailed in the Council's Constitution and urgent decision-making procedures.
- 4.9 Using appropriate technology there was minimum disruption to Council democratic business; Cabinet recommenced in June 2020, Council in July 2020, Audit Committee in September 2020, Democratic Services Committee in October 2020, Scrutiny Committees in September 2020. Virtual and remote meetings were held in line with temporary legislation.
- 4.10 At this stage, the longer term disruption and consequences arising from Coronavirus is currently unclear however, existing projects and programmes may have to be put on hold, new priorities and objectives will need to be introduced and new risks will have to be identified.
- 4.11 As much as possible, the systems of internal control have continued to operate during the pandemic. The Council's implementation of Office365 and multi-factor authorisation has allowed the majority of employees to successfully work from home without major disruption. For example, the Council's i-Procurement system allows for electronic authorisation from delegated officers with an inbuilt segregation of duties.
- 4.12 In the Chief Internal Auditor's opinion, adequate assurance was obtained over the course of 2020/21 resulting in an overall 'Reasonable' audit opinion to be issued for the Council's activities, although this was based on limited work undertaken by the team; the revised Internal Audit Plan was approved by Audit Committee in September 2020. Internal Audit coverage was adversely affected during the first part of 2020/21; however, it recovered in the second part of the year. 78% of the approved revised Audit Plan was completed against the target of 82%, with 29 audit opinions issued. Reliance on previous years' audit work has also been taken into consideration in arriving at this year's opinion in that there have been no significant systems or staff changes. Further detail regarding the Internal Audit team's performance is included within the Internal Audit Annual Report 2020/21 presented to the Governance and Audit Committee May 2021.
- 4.13 In conclusion, during 2020/21 the coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness. This will continue to be monitored during 2021/22 and reviewed as part of future Annual Governance Statements.

5 Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team within the Council which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

5.2 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:

- i. periodic reviews of the Constitution and ethical governance arrangements by the Monitoring Officer; Democratic Service Committee February 2021;
- ii. periodic reviews of the financial controls by the Chief Finance Officer; Revised Contract Standing Orders Cabinet December 2019;
- iii. formal risk management and regular on-going review of the processes involved; Cabinet March 2020, September 2020, October 2020, December 2020;
- iv. the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems and establishments in accordance with the Annual Internal Audit Plan, and which includes 'follow-up' work to ensure that Heads of Service implement agreed management actions; Annual Report 2020/21 Governance & Audit Committee May 2021
- v. the work of the Performance Scrutiny Committees, Overview & Scrutiny Management Committee, Democratic Services Committee, Standards Committee and Audit Committee;
- vi. the opinions and recommendations of the Council's external auditors and other inspection and regulatory agencies;
- vii. regular monitoring of performance against service plans and key targets, and reporting of this to senior management and members, through the Management Information Hub;
- viii. the outcomes of the Annual Information Risk Report are monitored quarterly by the Information Governance Group;
- ix. progress against the Newport Well-being Plan is monitored by scrutiny and the PSB throughout the year.

Sections 6 to 12 demonstrate how the Council is meeting the key governance principles with evidence and examples.

6 **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Behaving with integrity

6.1 Standards Committee met in 2020/21; received reports on succession planning for Standards Committee Members in line with respective Regulations, updates on complaints against Members, revised Employee Code of Conduct, changes to the Guidance on Members' Code of Conduct.

6.2 In order to monitor all key Council decisions for fairness a 'Fairness Commission' was established. Members of the Fairness Commission were chosen to represent a range of interests, experiences and backgrounds from across the City, including education, trade unions, equality groups, faith communities and the two main political parties in the Council. The Fairness Commission is chaired by an academic from the University of South Wales. Reviews of the Council budget proposals have been undertaken by the Fairness Commission.

6.3 The Council has an agreed Constitution, available on the website, which includes the Council's related codes and protocols.

6.4 A set of Council values 'Courageous, Positive, Responsible' were established following staff feedback. These are regularly communicated with all staff.

6.5 The Council demonstrates, communicates and embeds its operating principles and values through appropriate policies which are reviewed on a regular basis. These policies also place an emphasis on ethical values. Some of the policies in place to support this are:

- Whistleblowing Policy
- Member and Employee Codes of Conduct
- Anti-Fraud, Bribery & Corruption Policy
- Safeguarding Policy
- Complaints Procedure

6.6 The revised Anti-fraud, Bribery and Corruption Policy was approved by Cabinet April 2021.

Demonstrating strong commitment to ethical values

6.7 The Council's Ethical Governance Framework includes:

- codes of conduct for officers and members, which are reviewed, updated and tested for compliance;
- a protocol governing Member/Officer relations;
- a whistle-blowing policy widely communicated within the Council and which is periodically reviewed;
- registers of personal and business interests for Members and Chief Officers;
- an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied;
- the Strategic Equality Plan and Equality Objectives 2020-24 were agreed by Cabinet July 2020 and Council September 2020;
- Strategic Equality Plan Annual Report for 2019/20 went to Cabinet in November 2020.

6.8 In line with the Local Government Measure a separate Democratic Services Committee was established; this committee met in 2020/21; it deals with national consultation exercises, national policy and Members' codes and development. Council received a copy of the Democratic Services Committee Annual Report for 2019/20 in November 2020.

6.9 The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Member Code of Conduct, the Protocol for Member/Officer Relations, and any other codes relating to the conduct of Members. Council received a copy of the Standards Committee Annual Report for 2019/20 in November 2020.

6.10 An ethical Standards Questionnaire was issued by the Standards Committee during 2019/20. Despite there being a low response it was noted that the answers to the questions were fairly positive.

6.11 Induction training for employees covers code of conduct, expected standards of behaviour and the importance of the whistleblowing policy. These documents are also available on the staff intranet.

6.12 The Council looks to ensure that external providers of services on behalf of the Council act with integrity and in compliance with high ethical standards. The Council have signed up to the Welsh Government's Code of Practice – Ethical Employment in Supply Chains. The Code covers Modern Slavery and human rights abuses, Blacklisting, False self-employment, Unfair use of umbrella schemes and zero hours contracts as well as considering paying the living wage.

Respecting the rule of law

6.13 The Council has a strong commitment to the rule of law and adhering to the laws and regulations set by Welsh Government, UK Government and the European Union. There were no “call-in” challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.

6.14 The Council is required to meet statutory obligations regarding the handling of data; the Digital Strategy incorporates an Information Risk Management Policy which outlines roles and responsibilities for information risk management. This ensures that the requirements of legislation, including the Data Protection Act 2018 (GDPR), Environmental Information Regulations 2004 and the Freedom of Information Act 2000 are met and that the risks around information are managed appropriately. The Annual Information Risk Report 2019/20 was presented to the Information Governance Group May 2020 and endorsed by Cabinet Member December 2020.

6.15 There was 1 complaint of Member misconduct made to the Public Services Ombudsman for Wales (PSOW) in 2020/21 involving City Councillors but none were accepted for formal investigation. There were no referrals to the Standards Committee and no findings of misconduct or breaches of the Member Code.

6.16 The PSOW annual letter was taken through Cabinet November 2020 along with the Council's Annual Report on Compliments, Comments & Complaints. In 2019/20 38 complaints were received by PSOW concerning Newport. Most of the complaints received were discontinued or resolved. There were no findings of maladministration, misconduct or public interest reports.

6.17 Following the Local Government elections in May 2017, mandatory training was provided to new Members of the Council along with other training sessions for existing Members.

6.18 The Internal Audit team continued to deliver awareness raising sessions on the importance of compliance with Financial Regulations and Contract Standing Orders.

6.19 A new Leader of the Council (Cllr Mudd) was appointed by a meeting of the Full Council in November 2019. Upon appointment, the Leader announced her new Cabinet.

6.20 The Council has the following statutory posts and enables officers to fulfil their responsibilities in accordance with legislative and regulatory requirements:

- Head of Paid Service (Chief Executive)
 - The current Chief Executive was formally appointed in July 2020
- Section 151 Officer (Head of Finance)
- Monitoring Officer (Head of Law & Regulation)
- Director of Social Services

- The Director of Social Services post is currently being fulfilled by the Head of Adult & Community Services on an interim basis.
- Head of Democratic Services
 - The designated post holder (Democracy & Communication Manager) left the Authority in September 2019.
 - As an interim measure, the Monitoring Officer (Head of Law & Regulation) has fulfilled the roll.
 - Following an internal appointment, the role of Democratic Services Manager was filled in May 2021.

6.21 The Council optimises the use of the full powers available for the benefit of the citizens of Newport, communities and other stakeholders. For example, the Council takes its decisions by way of full Council or the Executive (Cabinet). Decisions are also taken by individual Cabinet Members and Chief Officers. The Scheme of Delegation and the Terms of Reference which are included in the Constitution, make it clear at which level decisions are taken.

6.22 A revised Whistleblowing Policy was updated in 2017, and a confidential helpline set up. In 2020/21 there were no disclosures made under the policy.

6.23 All waivers of the Contract Standing Orders and urgent decisions are reported through the Audit Committee quarterly.

7 Principle B: Ensuring openness and comprehensive stakeholder engagement

Openness

7.1 The majority of meetings are held in public as shown from Committee agendas and minutes which are then available on the website. The Council broadcasts Council meetings and Planning Committees live on the internet and is working towards webcasting other formal member meetings. Live tweets are broadcast from Newport Council's Twitter account.

7.2 Due to the impact of Covid-19 and national lockdown in March 2020 all public meetings were initially put on hold. In late August / September, virtual and remote meetings were set up which were accessible by the public.

7.3 As part of Newport City Council's commitment to being open and transparent it continues to publish its data on the website which the public is free to view and use www.newport.gov.uk/transparency.

7.4 The Council has responded to Freedom of Information Act requests within the required 20 days:

	2018-19	2019-20	2020-21
No' of FOI requests	1167	1100	797
No' responded to within 20 days	1051	992	724

Percentage of FOIs responded to within 20 days	90.1 Target 88%	90.2 Target 88%	90.8% Target 88%
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- 7.5 The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles.
- 7.6 Standing Orders of the Council were amended in July 2017 to include a session for open questions to the Leader of the Council at full Council meetings.
- 7.7 Agendas, reports, decision schedules and minutes of all meetings of the Council, Cabinet or Cabinet Member are available to the public by way of the Council's website. Minutes or decisions arising from the consideration of such reports are available to the public via the website.
- 7.8 Every report considered as part of the decision making process by Members must contain comments by the Council's Monitoring Officer, the Section 151 Officer and the Head of People and Business Change. The report template ensures report authors consider potential risks, equalities, WFG and financial implications of their proposals.
- 7.9 Public Service Board (PSB) papers are published online on the One Newport partner website to ensure transparency, as were agenda and minutes of the Single Integrated Plan Board.
- 7.10 The Council uses a range of formal and information consultation and engagement exercises to determine the most appropriate and effective intervention / course of action. For instance, the Council undertakes the school reorganisation programme in accordance with the Welsh Government statutory School Organisation Code. Each consultation is supported by full stakeholder engagement as outlined in the statutory code. This includes the publication of detailed consultation packs and a children and young people summary version, distribution of response forms, drop-in sessions and meetings with the school councils at relevant and local schools. Following each consultation, a consultation report is prepared and published which outlines how the consultation was carried out, who is engaged and the relevant responses. These reports are provided as annexes to the Cabinet Member report which approves moving to the next stage in the process – publication of the statutory notice. The statutory notice is the stage at which legal objections can be lodged against proposals.

Engaging comprehensively with institutional stakeholders

- 7.11 The Council looks to effectively engage with all stakeholders to ensure that the objectives and intended outcomes for each relationship are clear so the outcomes can be achieved successfully and sustainably. For example, the Local Authority works closely with the governing bodies of all schools across Newport and as key stakeholders they are consulted where appropriate on all matters.
- 7.12 The Council has developed a number of formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. Some examples of these are the ONE Newport Public Services Board, Newport Live (Leisure Trust) and the Community Safety Partnership.
- 7.13 All partnerships are based on trust along with a shared commitment to change while promoting challenge among partners.
- 7.14 The Council has a number of formal appointments onto outside bodies to provide effective challenge. These appointments are agreed at the Council's AGM and at further Full Council meetings when necessary. A list of these appointments can be seen within the Council minutes.

Engaging stakeholders effectively, including individual citizens and service users

- 7.15 A formal policy for the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes cannot be located.
- 7.16 Communication is important to Newport; the Annual Statement of Accounts 2019/20 was taken through the Audit Committee in 2020/21. All Council decisions, reports and questions asked by Members are available on the website, as are Cabinet Member decisions, Audit Committee reports and the work of the Scrutiny Committees. Headline figures of the Council's financial position were included in the Council tax leaflets distributed with all bills. Financial information, Council activities, achievements, developments, updates and events were included in Newport Matters, which is distributed to every household in the City, and are also available on the Council's intranet and website.
- 7.17 The Council looks to communicate via a number of different methods. 'Have Your Say' consultations are on the Council website, along with regular posts on social media and the use of Bus WIFI surveys.
- 7.18 Members are encouraged to hold regular Ward meetings and these are supported by Officers of the Council. Social media, Twitter and Facebook for example, is regularly being used to engage local people and communicate the corporate message.
- 7.19 Dealing with customer complaints helps Newport to identify and deal with failures in service delivery and look for opportunities to improve. The Council's Customer Complaints Policy and procedures are available on the web site; the public can report a problem or concern via the 'Report it' option on the web front page. An Annual Report on Compliments, Comments and Complaints Management for 2019/20 was presented to Cabinet in November 2020. The following table shows the number of complaints received for the past three years:

	2018-19	2019-20	2020-21
Stage 1 Complaints	271	1,413	
Stage 2 Complaints	28	36	
Complaints to PSOW	38	38	

7.21 The increase in Stage 1 complaints is attributed to two things

- The online self-service system made it much for customers to make their complaints online, using the website, their customer accounts or through an app. We rarely received any complaints online; this has changed significantly since the new system was introduced, which is a positive step forward. The number of Stage 2 and Ombudsman complaints has not increased, which indicates the same level of competence in responding to complaints successfully at Stage 1, without them needing to escalate further.
- a number of operational changes resulted in higher volumes of complaints for certain issues, e.g. the rollout of smaller bins and waste enforcement, introduction of Civil Parking Enforcement.

7.21 Public engagement and consultation is key to the WFG Act. One of the five ways of working is Involvement - *the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves*. This is now considered in all Cabinet Member reports.

8. Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Defining Outcomes

8.1 The Corporate Plan 2017-2022 “Building on Success -Building a Better Newport” incorporates the Council’s wellbeing objectives as required by the WFG Act. The Plan sets out clearly the Council’s purpose, priorities and demonstrates its commitment to improving social, economic, environmental and cultural well-being and promoting sustainable development. This provides the basis for the Councils overall strategy and performance.

8.2 Audit Wales issued the Council with its first Certificate of Compliance in accordance with the Local Government (Wales) Measure 2009 following its publication of its Strategic Recovery Aims in June and July 2020. This went to Cabinet in November 2020, confirming the Council had discharged its duties under section 17 of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

8.3 The One Newport PSB Well-being Plan (Cabinet November 2020) – represents the combined strategic planning intent of a partnership of the key public service providers in Newport which includes the Council – for improving the quality of life in terms of the social,

economic, cultural and environmental well-being of the whole community. The priorities have been identified as those where the PSB and other key stakeholders must work together to achieve success and meet the requirements of the WFG Act.

- 8.4 Regular risk based meetings are held between Council officers and representatives of the Head of Finance to ensure that service areas are managing their outcomes on a sustainable basis within the available financial resources allocated.
- 8.5 Members of the performance team attend each service area's monthly management team meetings to comment on and review the section's performance against key performance indicator targets.
- 8.6 The Council identifies and manages risk through the Corporate Risk Register (see section 11) and also individual service area plans to ensure the achievement of intended outcomes.
- 8.7 The Council looks to manage service user expectations with regards to determining priorities and making the best use of the resources available. For instance, regular updates on the Council's Medium Term Financial Plan (MTFP) are presented to Cabinet regularly.
- 8.8 2020/21 service planning incorporated an understanding of customer needs, service area outcomes and improvement priorities, performance management and monitoring, an action plan to achieve the outcomes, an assessment of service related risk, an acknowledgement of regulators' proposals for improvement and an equalities impact assessment.

Sustainable economic, social and environmental benefits

- 8.9 Newport City Council considers and balances these combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provisions. Each report considered as part of the decision making process by Members must contain comments by the Council's Monitoring Officer (legal), the Section 151 Officer (economic) and the Head of People and Business Change (social and environmental).
- 8.10 Equality Impact Assessments (EIA) are required by law under the Equality Act 2010. Newport's assessments also examine 'Fairness' and the Welsh language to ensure that the needs of other vulnerable people are considered, as well as the effect on different areas within Newport. A range of these were undertaken during 2020/21 which have been published on the Council's website. A Strategic Equalities annual report is published by the Council (Cabinet July 2020).
- 8.11 The PSB review includes the monitoring of targets to ensure policies are delivering the agreed outcomes to ensure services are effective, focused on local people and improved quality of life in the City. In terms of measuring the environmental impact of policies, plans and decisions, the Council is working with the Welsh Local Government Association as one of 10 lead authorities for sustainability, and this will also form part of the Wellbeing Assessment and Wellbeing Plan work.

9 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining Interventions

- 9.1 Decision makers are provided with reports which allow for an analysis of a variety of options including how they would be achieved and the risks associated. Comments are received on each report from the Monitoring Officer, Chief Financial Officer and the Head of People & Business Change.
- 9.2 The results of all consultation exercises are considered along with Fairness Equality Impact Assessments when making decisions about service improvements to prioritise the competing demands with the resources available. All reports consider the WFG Act.

Planning Interventions

- 9.3 The Council's Corporate Plan underpins the strategic objectives of the Council. Each service area also has an operational plan along with their own priorities and targets. Service area plans are approved by the Cabinet Member responsible for the portfolio. Mid and end of year reviews are completed by the Head of Service and reported to Scrutiny; November 2020.
- 9.4 To ensure the Council continues to meet its statutory duty to demonstrate continuous improvement the monitoring of performance is undertaken through Cabinet, Cabinet Members and Scrutiny Committees.
- 9.5 Through the Council's communication methods and annual budget consultation internal and external stakeholders are consulted in determining how services and other courses of action are planned and delivered.
- 9.6 For partner organisations such as the ONE Newport PSB and Newport Live, the Council collaboratively works together to consider and monitor the risks which may arise while ensuring that any arrangement is flexible so they can be adapted to any change of circumstance.
- 9.7 The Council has established a number of local performance indicators and monitors these along with the relevant statutory and national performance indicators. These are detailed within individual service plans and reported via the Council's performance management system MI Hub. The year-end Performance Analysis for 2019/20 was taken through Cabinet in September 2020 which showed 55% of performance indicators performed in line with targets.
- 9.8 Performance management arrangements have improved with regular monitoring by the Cabinet and Cabinet Members as well at officer level. The Authority had made its targets more difficult to achieve in an effort to push the organisation into improving services.
- 9.9 Mid-Year Performance Analysis for 2020/21 was taken through Cabinet in January 2021. The report showed that for the first six months of this financial year:
- 37% of performance measures were on target
 - 10% of performance measures were short of target
 - 16% of performance measures were off target

- 64% of the actions identified in the service plans were reported as being 'In Progress';
- 5% of actions reported as being 'Completed'
- 22% of actions had been reported as 'Amber'; and
- 6% of actions not yet started.

9.10 Budgets are prepared in accordance with the Council's strategic directives and Corporate Plan. There are robust arrangements for effective financial control through the Council's accounting procedures, Financial Regulations (May 2016). These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Council's Treasury Management arrangements follow professional practice and are subject to regular review by the Council's Audit Committee and Cabinet (July 2020, December 2020) to ensure a sustainable funding strategy is maintained.

Optimising achievement of intended outcomes

9.11 Where value for money of the public pound is concerned, budget proposals were examined by meetings of the Scrutiny Committees. This is to ensure that the service priority, affordability and other resource constraints are balanced.

9.12 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year. The updated MTFP and budget monitoring reports were presented to and approved by Cabinet in July 2020, September 2020, November 2020, January 2021 and February 2021, taking into account the full cost of operations. The MTFP report highlights any significant delivery issues or changes to the external environment which arise during the period and have a financial impact.

9.13 The 2021/22 Budget consultation and MTFP were submitted to Council in February 2021; The Council recognises that timely and accurate budget monitoring information is essential for effective decision making purposes. A public consultation exercise was also undertaken to determine the 2021/22 budget proposals.

10 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Developing the entity's capacity

10.1 The Council has developed and maintained a People & Culture Strategy 2018 – 2022 as a workforce plan to enhance the strategic allocation of resources.

10.2 Through annual service area plans and mid year reviews, the operations and use of assets are reviewed. Performance is monitored through the service plans and also through the MI Hub performance management system with 6 monthly reports to Cabinet to ensure the continuing effectiveness of operations.

10.3 The Council recognises the benefits of partnerships and collaborative working to add value into the organisation. Examples of these arrangements can be in place locally (within Newport) such as the Newport Live (Leisure Trust), regionally within Gwent – the Education Achievement Service for SE Wales (EAS), regionally within South East Wales - the Cardiff Capital Region City Deal and wider afield through the ‘Great Western Powerhouse’.

Developing the capability of the entity’s leadership and other individuals.

10.4 The Council has an agreed Member/Officer Protocol within the Constitution which ensures that a shared understanding of the roles and objectives are maintained.

10.5 The Constitution also includes a clear scheme of delegated powers for decision taking by Members and Chief Officers. This document details the types of decisions which can be delegated to Cabinet Members, established Sub-Committees or Chief Officers or those which have to be made by the collective body of the full Council.

10.6 The scheme of delegation in the Constitution sets out the various responsibilities of Members and Officers. This is updated as required via the Democratic Services Committee. Standing Orders and the Constitution were updated to take account of the requirements of the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations in July 2014.

10.7 Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance.

10.8 The Council develops the capabilities of members and senior management to achieve effective shared leadership. This enables the Council to respond successfully to changing legal and policy demands. In addition the Council ensures that Members and officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities. This is completed by;

- An on-going programme of events and training for Members especially those involved in the Planning & Licensing Committees and Sub Committees.
- A mandatory management programme for all senior manager ‘Management in Action’ to develop management capacity (2018).
- Further In-house management development modules for middle managers;
- Aspiring Leaders Programme delivered in partnership with the University of South Wales.
- Core Skills training is also available to all employees aligned to our corporate values with specific training available on topics such as Customer Care, Stress Management and Equality and Diversity.

10.9 Embedded Appraisal arrangements for Chief Officers are in place, including:-

- Chief Executive’s Annual Appraisal;
- Chief Executive’s one to one meetings with Heads of Service;
- Cabinet Member one to one meetings with Heads of Service
- Appraisal of Chief Officers (Heads of Service).

10.10 The employee performance management system (Clear Review) was launched during 2017. This enables ongoing evaluation and encourages all staff to give feedback to colleagues.

This ensures that all officers and managers reflect on their objectives and staff are able to link their objectives directly to the organisational goals set within the Corporate Plan and service plan. Clear Review was superseded by the 'Check-in' process directly recorded onto i-Trent. This will form part of the suite of corporate performance indicators. The system also allows continued professional development (CPD) opportunities to be identified which are needed to improve the skill, knowledge and understanding of employees.

- 10.11 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures. Newport City Council supports employees and citizens in maintaining both their physical and mental well-being. Information on our workforce can be found in the Strategic Equalities annual report.

11 Principle F: Managing risks and performance through robust internal control and strong public financial management

Managing Risk

- 11.1 Risk management is an integral part of all activities and is considered in all aspects of decision making. A report template for all formal Member and scrutiny reports requires authors to consider risk and its management or mitigation when writing reports. Each Head of Service incorporate the keys risks to their service within service plans which identify the impact, the likelihood and any mitigation in place to manage those risks.
- 11.2 The Corporate Risk Management Policy was reviewed during 2019/20 and revised to strengthen existing arrangements and support the delivery of the Corporate Plan. The revised Policy was considered by the Audit Committee in January 2020, approved and endorsed by the Leader in July 2020.
- 11.3 The Council's Corporate Risk Register was updated and taken through Cabinet and Audit Committee during 2020/21 on a quarterly basis. Mitigation of risk is incorporated within the risk register, which moves the risk from inherent to residual. 18 corporate risks were identified for the Council and these were recorded on the Corporate Risk Register as of the end of quarter 3 2020/21 which went to Cabinet March 2021; 10 severe, 6 major, 2 moderate.
- 11.4 The Audit Committee felt that managing the risks faced by service areas was an important aspect of the manager's role and should be part of his / her day to day responsibilities. Risk management is included within the service plans where operational managers have greater responsibility for owning and dealing with the risks identified in their areas. All risks within the Corporate Risk Register have a designed overseeing officer(s) and a lead Cabinet Member(s) assigned.

Managing Performance

- 11.5 Service delivery is monitored through a number of key performance indicators agreed with targets at the start of each year. These are included on the Council's performance management system MI Hub and challenged by the Policy & Performance team. The

planning, specification and delivery of service area work is included within annual service area plans which are approved by the lead Cabinet Member for the service area along with being reviewed through the scrutiny process. These are subject to mid-year and end of year reviews presented to the respective scrutiny committee. This ensures that Members and senior managers have regular reports on progress towards outcome achievement.

11.6 All decisions are based on clear, objective analysis taking into account the Council's financial position, social and environmental implications. Consideration against statutory policies is also made through a review of the WFG Act commitments. The above are considered by the report author when writing the report and also through the comments of the Monitoring Officer, Chief Financial Officer and the Head of People & Business Change.

11.7 Members of the scrutiny committees review policies and performance and question key decisions made by the Council's Cabinet and Officers to ensure they are open, accountable, transparent and in the best interests of the local area and its residents. Audit Wales reviewed the Council's Overview and Scrutiny functions to determine if they were 'Fit For the Future' in August 2018. They concluded that the Council's leadership was committed to improving its scrutiny function and to meet current and future challenges for scrutiny, but Members need a fuller understanding of their scrutiny role and more effective, timely training.

11.8 Scrutiny committees also review the Council's achievements against planned targets, issues of local concern and services provided by the Council and other public organisations. In Newport City Council there are four scrutiny committees:

- Overview and Scrutiny Management Committee
- Performance Scrutiny Committee - Partnerships
- Performance Scrutiny Committee - People
- Performance Scrutiny Committee - Place and Corporate

Each Committee is politically balanced and the chair persons are allocated in proportion to the number of seats held by political groups.

Robust internal control

11.9 Internal Audit provides assurance to Senior Management and the Audit Committee on the effectiveness of internal control, risk management and governance.

11.10 The Audit Committee considers the work of internal and external auditors and the responses to audit recommendations. The Audit Committee has appointed an independent chairman; he is not part of the political structure of the Council. It also has responsibility for approving the Annual Statement of Accounts and its associated reports (which include this statement). This responsibility has been delegated by Council where the Chair of the Audit Committee signs the Accounts on behalf of the Audit Committee.

11.11 Audit Committee meets regularly and its activities can be seen via the Council's website; it met 4 times in 2020/21 as a result of Covid-19. Members received:

- The Annual Internal Audit Report 2019/20

- The Annual Internal Audit Plan 2020/21 and Revised Internal Audit Plan 2020/21
- Quarterly updates from Internal Audit re opinions / performance
- Standing Order 24 (Urgent Decisions) and Waiving of Contract Standing Orders quarterly reports
- Treasury Management report and updates
- Corporate Risk Register quarterly updates
- Draft and Final 2019/20 Financial Statements, including the Annual Governance Statement
- 6 monthly updates on Internal Audit low assurance opinions
- Audit Wales reports

11.12 The Council has established anti-fraud, bribery and corruption arrangements which provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering, the anti-fraud, bribery and corruption policy and the whistleblowing policy. The revised Anti-Fraud, Bribery and Corruption Statement was approved by Cabinet in April 2021.

11.13 Internal Audit operate to the standards set out in the Public Sector Internal Audit Standards (PSIAS) and its role and status is set out in the Council's Internal Audit Charter. The Chief Internal Auditor is accountable to the Head of Finance and the Audit Committee. As required under the PSIAS the Newport City Council Internal Audit team underwent an external quality assessment during 2017/18. The report (issued March 2018) stated that Internal Audit were 'generally compliant' with the PSIAS.

11.14 The Chief Internal Auditor reports, in his own name, to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment, governance arrangements and risk management processes.

11.15 29 Internal Audit opinions were issued in 2020/21. The overall opinion on the adequacy of the internal control environment for 2020/21 was **REASONABLE (in 2019/20 the opinion was Reasonable)**.

	2018-19	2019-20	2020-21
Good	10	7	5
Reasonable	27	19	23
Unsatisfactory	10	6	1
Unsound	1	0	0
Total	48	32	29

11.16 Management have agreed to implement the action points in order to address the weaknesses identified and Internal Audit will follow this up. 71% of agreed management actions for 2019/20 had been implemented by management.

11.17 Reasons why the outcome of some internal audit reviews were deemed to be unsatisfactory were presented to Audit Committee. The Audit Committee has the power to call in a Head of Service and Cabinet Member to hold them to account for addressing required improvements to the internal control environment within their service area. Examples of this occurring during 2020/21 include:

- The Chief Education Officer, November 2020, with regards Members' concerns around an Unsatisfactory Audit Opinion of Gwent Music;
- The Head of Children and Young Peoples' Services, November 2020, with regards a second consecutive Unsatisfactory Audit Opinion of SGO/ Kinships

Assurance was provided by all those who attended Audit Committee that improvements will be made in the examined areas which will result in a future improvement in the internal control environment and resulting internal audit opinion.

Managing Data

11.18 Following adoption of the Information Risk Management Policy in 2013 the Council has defined roles and responsibilities for information risk as:

- The Senior Information Risk Owner (SIRO) has high level responsibility for controls relating to information security and the role is undertaken by the Head of Law & Regulation (independent of operational responsibilities);
- Information Asset Owners (IAO's) must effectively manage the information assets that they own;
- The Information Management team are the operational lead on information governance in conjunction with the IT Service (SRS);
- The Information Governance Group provides a high level management overview of information governance;
- The Council's Information Risk Register is maintained by the Information Management team to document and manage risks, reported annually.

11.19 The Annual Information Risk Report 2019/20 Draft was presented to the Information Governance Group May's meeting and endorsed by Cabinet Member for Community and Resources December 2020.

11.20 There is a Council policy on information sharing along with numerous information sharing protocols with our partners. Information sharing is key to joined up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Newport signed up to this in January 2011. The Council is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 2018. The Information Sharing Policy has been developed to ensure information is only shared appropriately, safely and compliantly.

11.21 Through Internal and External Audit reviews the quality and accuracy of data used in decision making and performance monitoring is reviewed.

Strong public financial management

- 11.22 The Council ensures that its financial management supports both long term achievement of the strategic objectives and outcomes while ensuring that short-term financial and operational performance is monitored. This is completed through the approval of a Medium Term Financial Plan and Capital Programme which are reviewed on a regular basis by Cabinet. On a short term basis, the individual service area budgets are monitored on a risk based programme by Accountancy.
- 11.23 The Council has a Budget Management System which promotes responsible and good financial management across all service areas of the Council. This system allows officers to highlight and explain any financial risks and controls.

12 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practice in transparency

- 12.1 The Council looks to ensure that all reports and communications are in clear English and in a style which is easily understandable. All reports can be accessed via the democracy pages on the Council's website using the modern.gov platform. The Council ensures that the provisions of the Welsh Language Standards are met with its communication to residents.
- 12.2 All reports are required to have comments from the Monitoring Officer, Chief Financial Officer and the Head of People & Business Change. These 3 Officers ensure that reports strike the correct balance to ensure the right amount of information is provided to satisfy transparency demands and to enhance public scrutiny. They also ensure that reports are not too onerous and in a language which the users can understand.

Implementing good practices in reporting

- 12.3 All service areas are required to report annually on performance, value for money and the stewardship of resources through the service plan reviews, which also have a mid year review by Scrutiny.
- 12.4 All service plans, risks, budgets and performance measures have a designated responsible officer along with the appropriate Head of Service and Cabinet Member.
- 12.5 The Council has arrangements through this Annual Governance Statement for ensuring robust arrangements for assessing the extent to which the principles contained in the Code of Corporate Governance Framework have been applied to demonstrate good governance.
- 12.6 The Councils Code of Corporate Governance was revised during 2019/20 and approved by Cabinet in April 2021.
- 12.7 The preparation of the Council's financial statements are completed as soon as possible after year end and to the deadlines agreed with Audit Wales. Both the publication of the Draft and Final 2019/20 end of year accounts met these deadlines.

Assurance and effective accountability

- 12.8 Any recommendations made by the Council's external auditors (Audit Wales) are acted upon. Each report contains an action plan and is presented to and monitored by the appropriate scrutiny committee. An end of year 'lessons learnt' exercise was completed for the 2019/20 account closure process and this was reported to the Audit Committee in November 2020.
- 12.9 The Council has an Internal Audit service which has unrestricted access to all personal, documentation and premises of the Council. The Chief Internal Auditor also has unrestricted access to the Chair of the Audit Committee, Chief Executive and Leader of the Council if required. These provisions are set within the Council's Financial Regulations (part of the agreed Constitution) and are also included within the Internal Audit Charter.
- 12.10 An Internal Audit follow up review of Corporate Governance across the organisation will be undertaken during 2021/22.
- 12.11 The Council welcomes all challenge, reviews and inspections from regulatory bodies. A number of external bodies have provided reports on the Council's activities during 2020/21 including Audit Wales, the Care Inspectorate for Wales (CIW) and Her Majesty's Inspector of Education & Training in Wales (ESTYN). The Council looks to implement all recommendations arising from these reports to ensure the necessary controls and improvements are made for the benefit of the citizens of Newport.
- 12.12 When working in partnership the Council ensures that arrangements for accountability are clear, whether this is through a memorandum of understanding or contract being in place. This is to ensure that wider public accountability is met.

13 Action Plan

- 13.1 Based on our review of the governance framework, the following issues need to be addressed during 2021/22 to further improve and strengthen the governance arrangements and their effectiveness in future years.

2019/20 Action Plan

Issue	Action	Responsible Officer
6.8 Key statutory positions are currently filled as soon as possible, even if that is on a temporary, interim basis.	To ensure all statutory posts within the Council are appointed to following an open and transparent recruitment process. <i>Progress to date:</i> Chief Executive and Democratic Services Manager posts have been appointed to.	Head of People & Business Change

	The Strategic Leadership team is subject to review.	
7.15 Consultation and Engagement Policy requires review	To review the required policy and seek appropriate approval. <i>Progress to date:</i> To be reviewed as part of the implementation plan for the Local Govt. & Elections Act during 2021/22.	Head of Law & Regulation
12.6 The Council's revised Code of Corporate Governance needs to formally approved. [b/f from 2018/19]	The Council's Code of Corporate Governance will be considered by Audit Committee before taking to Cabinet for approval during 2020/21 <i>Progress to date:</i> Code of Corporate Governance approved by Cabinet April 2021	Chief Internal Auditor
12.7 Once approved the revised Code of Corporate Governance needs to be communicated to all jointly managed and shared service organisations.	Communicate the revised Code of Corporate Governance to all jointly managed and shared service organisations and that assurance on compliance is received for the Annual Governance Statement 2020/21. <i>Progress to date:</i> Action to be taken in 2021/22	Head of Finance Chief Internal Auditor
12.11 Action needs to be taken in response to the 'Corporate Governance' Unsatisfactory Internal Audit report (Draft at 31/3/20).	Management to agree a response to the report and ensure concerns are addressed. <i>Progress to date:</i> Management actions agreed, Internal Audit to undertake a follow up audit in 2021/22.	Head of People & Business Change Head of Law & Regulation

<p>[b/f from 2018/19]</p> <p>The established anti-fraud, bribery and corruption policy statement required review. This was endorsed by the Audit Committee.</p>	<p>The revised anti-fraud, bribery and corruption policy statement to be taken through Cabinet, approved and published on the NCC website. Staff to be made aware via internal communications.</p> <p><i>Progress to date:</i></p> <p>Anti-fraud, bribery and corruption policy statement approved by Cabinet April 2021</p>	<p>Chief Internal Auditor</p>
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14 Conclusion

13.1 In conclusion during 2020/21 the Coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness. This will be monitored during 2021/22 and reviewed as part of Internal Audit work and future Annual Governance Statements.

13.2 We propose over the coming year to continually monitor and review the projects within each service area to mitigate and manage these risks to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:Date..... 2021

Councillor Jane Mudd, Leader of Newport City Council

Signed: Date..... 2021

Beverly Owen, Chief Executive of Newport City Council