



Report of the Director of Place

Governance & Audit Committee – 28 February 2024

Place: Internal Control Environment 2023/24

Purpose:	The report presents the Place Directorate control environment, including risk management, in place to ensure functions are exercised effectively; there is economic, efficient and effective use of resources, and; effective governance to secure these arrangements. It is recommended the report is noted for discussion.
Consultation:	Legal, Finance, Access to Services.
Recommendation:	It is recommended that the contents of the report be noted.
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1. Background

1.1 The Place Directorate is predominantly responsible for all operational front-line services namely, Highways and Transportation, Building Services, Property Services, Waste, Parks & Cleansing, Housing and Public Health, Planning & City Regeneration and Cultural Services.

2. Risk management and business continuity

2.1 Risks within Place are promptly identified and managed at appropriate levels (corporate, directorate, service, programme / project), and as far as possible mitigated, as part of the service review and planning cycle processes and ongoing self-evaluation. Monitoring is carried out through the Directorate performance management and reporting mechanisms at

PFM and DMT meetings and programme / project boards with risks escalated as appropriate (with particular focus on 'red' risks).

- 2.2 The corporate online system is used for documenting and managing risks and all risks are evaluated and RAG rated (on the basis of likelihood and impact) and updated at the end of each month. The risk management process is reported to the Audit Committee regularly. It is an expectation that the Place Directorate is fully compliant with reviewing control measures, risk wording and risk level each month as part of a joined-up approach. **See Appendix A**
- 2.3 The risks are shared with the responsible Cabinet Members. The P&FM meeting makes the decision about whether Directorate risks should be escalated to CMT for consideration as to whether they should become a corporate risk.
- 2.4 A risk being closely monitored during 23-24 is the growing homelessness pressure resulting in a 'red' risk status for the length of stay and families in B&B.
- 2.5 The councils operational NZ2030 strategy is also on a 'red risk status due to concerns about increased costs, the national strategy and availability of further funding and resource. Without additional funds and increased capacity, there will only be so far we can take the agenda forward.
- 2.6 Each service area also has a robust business continuity plan.
- 2.7 To note the addition of two new corporate risks within the period of 2023-24 to align with the newly adopted Transformation programme:
RISK: 360 – Waste Strategy
RISK: 372 – Future Libraries model

3. Performance management / KPIs

- 3.1 Each Service area reports on performance indicators, be they National or local measures and reporting takes place accordingly.

The majority of service areas will also now commence using the In Phase reporting mechanism for monitoring performance against our corporate well-being objectives and PI's.

Five new KPI's have been developed to support the monitoring of the 'delivering on Nature Recovery and Climate Change objective. The first round of reporting will be March 2024 (2023-24 figures)

- CCNR1 – Number of trees planted during the year across the council
- CCNR2 - The increase in number of council locations with renewable energy sources

- CCNR3 - Number of Members and officers that have completed Climate Change and Nature Recovery Training
- CCNR4 - Number of projects delivered through the Environmental Partners Framework to support ambition of Swansea Net Zero 2050.
- CCNR5 - Percentage of the Council fleet which are Ultra Low Emission Vehicles (ULEVs)

4. Planning and decision making.

- 4.1 Each service within the Directorate has an annual service plan which sets out the steps that will be taken to deliver against agreed priorities. These plans are informed by all of the above and new Council policies, new statutory requirements, the latest performance information, any savings requirements set out within the Council's medium term financial plan and recommendations from internal or external audit.
- 4.2 The governance structure along with robust planning, monitoring, review and risk management practices ensures sound planning and decision making, performance and financial monitoring and robust consultative/partnership activity, as well as integrated and collaborative ways of working.

5. Budget and resource management

- 5.1 The Directorate is supported by dedicated Finance Partners who are part of the corporate finance team.
- 5.2 The Finance Partners work closely with the Directorate's budget officers meeting monthly to review budgets. The Finance Partner provides independent scrutiny and challenge of the Directorates financial plans, including direct advice to the statutory Director and the Council's S151 officer.
- 5.3 There are robust arrangements in place to ensure effective cross Council charging and income generation is maintained.
- 5.4 Overall financial oversight of the Directorate's fiscal position and delivery against the medium-term financial plan takes place in the monthly P&FM and any issues are escalated to CMT and the s.151 officer. The s.151 officer's quarterly outturn report is informed by the Directorate's finance report.
- 5.5 In line with corporate requirements, the Place Directorate holds Performance and Financial Management meetings (PFM). This group monitors the progress of and addresses any issues:
- Key performance indicators (KPIs)
 - Corporate, directorate and service risks
 - Capital and revenue budgets

- Freedom of Information Act (FOI) requests; Subject Access Requests (SAR) and complaints
- Directorate's sickness levels
- Procurement and financial controls

5.6 The Directorate budget remains under significant pressure due to rising demand for services in some areas at a time of high inflation, pressures on income lines due to residual covid impact / slow recovery in some areas. Some service areas also have dedicated finance officers who monitor budgets/savings on a weekly basis in conjunction with senior officers and any issues etc are escalated directly to Head of Service/SMT/P&FM and respective Cabinet Members.

5.7 Managing Absence – With a dedicated resource assigned to the Directorate, pilots have been completed in all seven service areas.

- From **1/1/22 to 31/12/22** there was a total of **45,714** working days lost due to absence.
- From **1/1/23 to 31/12/23** there was a total of **39,335** working days lost due to absence.
- From **2022 to 2023** there has been a **13.95% percentage decrease** in working days lost due to absence.

5.8 Analysis of demand, costs of new statutory requirements or policy commitments, delivery against savings targets, inflationary pressures, new income opportunities are all routinely monitored through the above arrangements and then provided to CMT and Cabinet to inform the annual budget setting process.

6. Fraud and financial impropriety

6.1 The Directorate's systems of internal controls have been designed in accordance with the accounting instructions. Compliance is monitored through regular internal audits of the establishments and functions. Suspicions of impropriety are referred to internal audit and Human Resources. These measures have been shown to be effective in practice and helped to inform improvements over time.

6.2 All suspected frauds are referred to the Corporate Fraud Team. Controls are in place for processes where there is the possibility of fraud, and these are subject to regular audits. Senior manager approval to spend; contracts; agreements; POs and use of P-Cards is in place and escalated to HoS for authorisation prior to spend. Register of interests/secondary employment etc. are all monitored to ensure compliance. Regular reviews of Officers authorisation levels for financial limits are in place. Relevant procedures in place. Audit trails and controls are also in place in accordance with audit requirements.

7. Compliance with policies, rules and regulatory requirements

7.1 The assurance framework and robust internal controls set out in this report provide a solid foundation for ensuring compliance with policies, rules and regulatory requirements within the Place Directorate. Periodic reminders are given to managers and team members and re-emphasised in any training opportunities.

7.2 Due to the broad range of service areas within the directorate, there are regular requirements to attend Scrutiny sessions in support of the relevant cabinet members. These may relate to general service provision or more specifically specific reviews or project pre decision Scrutiny sessions.

7.3 Sound processes are in place for monthly SMT meetings, team meetings. 121s and appraisals ensure any areas of non-compliance are highlighted at the earliest point and remedied. HR policies are applied as appropriate. Dedicated sickness management monitoring resource is now in place as Directorate resource to support services with continued absence management compliance. All concerns raised with HoS, discussed at SMTs, team meetings and appropriate advice taken, eg HR, Procurement. There are a number of mandatory training courses for all officers to complete and refresh as required covering health and safety, safeguarding etc. Performance on compliance is strong, some areas of improvement are required. When this arises, clear actions are implemented within the respective services/areas and communicated to other services via DMT as required.

7.4 The directorate contributes regularly to the established Service Transformation Committees (STCs) to assist in developing new policy areas aligned with the new corporate objectives. The main STC's relevant to the Place Directorate are:

- Climate Change and Nature Recovery:
 - Local Nature Recovery Action Plan
 - Waste Strategy – collections, Circular Economy elements
 - Sustainable Transport Strategy
 - Swansea 2050
 - Local Area Energy Plan
 - Section 6 Biodiversity Action Plan (Including GI and Tree cover)

- Economy & Infrastructure:
 - Local Economic Delivery Plan
 - Swansea Bay Strategy
 - Destination Management Plan
 - Housing Allocation Policy

- Maintenance of Road Infrastructure
- More Homes Delivery Programme
- Tawe River Corridor Action Plan

8. Programme and Project Assurance

8.1 All significant projects within Place have robust plans and business cases and run through the formal approval process. Sound governance is adhered to supporting individual projects as required. Where required Legal, Financial and Procurement approvals are sought in addition to HoS/Director/Cabinet approvals for programmes or projects. FPRs and CPRs compliance is strong.

Using Building Services as an example, there is a programme of projects with a turnover in excess of £90M with strong programme management in place to ensure delivery of the relevant Housing and Education projects each year.

The directorate is also responsible for delivery 100's of smaller projects and programmes across a significant range of areas.

8.2 The directorate has developed a cross cutting project management team to develop and deliver a wide range of projects, examples include:

- **The Delivery of the Climate Change and Nature Strategy** The team leads on this authority wide programme, established to not only deliver the net zero council target by 2030, but also the Swansea wide campaign for net zero by 2050. Sound governance underpins the project, ensuring full engagement across all council directorates and with external partners. Team reports annually to Welsh Government on Council emissions.
- **Supporting service areas with IT cloud solutions** Project management governance established in order to improve and develop robust processes and support key stakeholders to deliver a successful outcome for the service areas. The project team in particular are heavily involved in the launch of a new Civica product in the Public Health dept, plus new Housing and Asset Management software across a variety of service areas.
- **Economic Recovery Fund (ERF)** – The programme is coming to an end and has successfully approved over 120 applications (in excess of £30m).
- **Swansea Bay Strategy** – Delivery Plan to assist the cross cutting teams on operational delivery, reported through the E&I Programme Board.
- **CCTV & Wi-Fi** – the upgrade of the Council's CCTV system and roll out of public Wi-Fi is fully underway.

All project progress is monitored and reviewed at bi - monthly Place DMT meetings, using a traffic light 'RAG' process for escalation.

8.3 New to 23-24 is the Transformation Board. The Place Directorate report on five key projects through this route:

- Regeneration
- More Homes
- Waste strategy
- Net Zero 2030 and Green Fleet (ULEV)
- New Library Hub Model

9. Internal controls

9.1 All officers have clear roles and responsibilities. Authorisation processes whether Oracle, HR or financial are clear and in place. Annual review of authorisation levels are carried out. Spending restrictions are in place with appropriate escalation up to HOS and Director level as appropriate. Risk assessments are in place for buildings and services.

9.2 The resilience of both internal control arrangements and the Directorate's workforce have been severely tested in recent times via various incidents, events and of course the pandemic. There is proven ability to flex resource and safely respond to priorities that change on a regular basis and indicates strong assurance.

9.3 PFM provides oversight of finance and performance monitoring including consideration of risk and escalation. Audits are carried out throughout services as per the agreed programme considering higher risk areas and also when issues arise. Compulsory staff training for many activities including finance, procurement, contracts, equalities etc is standard practice. Any adverse findings from audit reports are dealt with via appropriate action plans and are monitored at PFM.

10. Data security

10.1 Elements of the Directorate manages high levels of personal information and statutory requirements are such that this information needs to be routinely used to inform reports and plans. The consequences of any inadvertent data breach are always serious.

10.2 The processes for monitoring and reporting breaches are well established across the Directorate, as are the processes for learning from any such breach. Officers work closely with the Council's Data Protection Officer to ensure that any lessons learned from breaches anywhere in the Council and beyond are used to continually improve our processes.

10.3 Arrangements are in place and monitored at PFM and officers appropriately trained and reminded as to the importance of agreed procedures. This is apparent from the limited number of breaches and issues that have taken place within the Directorate relative to the large amount of correspondence dealt with. Breaches have been reported as follows:

No of Breaches	Period
13	¾ 2023-24
18	2022-23
17	2021-22
17	2000-21

10.4 Staff are required to complete the mandatory data protection and security e-learning course to ensure that they are aware of their responsibilities in relation to data protection and the timescales involved in the reporting of breaches. Refreshers may be required if breaches occur.

11. Partnership / collaboration governance

11.1 Elements of the Directorate are also involved in the regional working agenda via the City Deal This is in the capacity either of senior responsible owner of specific city deal projects or part of the programme board structure for relevant regional projects of Talent and Skills and Homes as Power stations. The directorate is also now supporting the emerging work of the Corporate Joint Committee specifically relating to key themes of Transport Planning, Planning, Economic Development and Energy.

11.2 The recently established framework set up to work with three environmental partners on the Climate Change and Nature Recovery agenda, has proved effective within its first year. Six projects have been delivered to date, with a final one scoped for action before year end.

12. Integrated Assessment Implications

12.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.

- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

12.1.1 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

12.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

12.2 There is no direct impact associated with this report, but assessing long-term trends and preventing risks from becoming issues are key aspects of risk management. Sustainable ways of working are incorporated within the Council's risk management policy and framework. **See Appendix B.**

- **Summary of impacts identified and mitigation needed**
All activities across the Place Directorate follow governance and procedure for approval and delivery. The report demonstrates sound systems are in place to reduce impact and mitigate any challenges.
- **Summary of involvement**
Engagement and consultation is considered as required for all key projects within the Place Directorate.
- **WFG considerations**
The Place Directorate senior team develop strong services plans across each area, which include consideration for all projects and business as usual services in relation to the wellbeing goals set out in the Well-being of Future Generations Act.
- **Any risks identified**
Projects and business as usual activity across the Place Directorate utilises the Corporate/Directorate and Service Risk Register for escalation. Cross cutting projects are also monitored using the RAG process and escalated at DMT as necessary.
- **Cumulative impact**
The report demonstrates by using a combination of monitoring processes and strong governance that the cumulative impact of potential issues is minimised.

13. Legal Implications

13.1 There are no legal implications.

14. Financial Implications

14.1 There are no financial implications.

Background papers: None.

Appendices:

Appendix A (Place Directorate) Corporate and Directorate Risk Report
(January 2024)

Appendix B IIA