

# **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**17 February 2017**

### **REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES**

#### **ALL WARDS**

Matter for Information

#### **INTERNAL AUDIT SERVICE – Corporate Risk Register Update**

##### **Purpose of the Report**

To report on the work undertaken by Internal Audit in relation to the risks on the Corporate Risk Register relating to Education, Leisure & Lifelong Learning and Environment Directorates as agreed in the November meeting.

##### **Background**

1. One of the roles of Audit Committee is to review and assess the Corporate Risk Management Arrangements and to report and make recommendations to the Cabinet on the adequacy and effectiveness of these arrangements.

##### **Report to Cabinet**

2. In line with the Council's Risk Management Policy a report on the position at the end of the first six months of 2016 was presented to Cabinet on 19<sup>th</sup> October 2016. Copies were provided to members at the November meeting. The second six monthly report is due to be presented to Cabinet in March 2017.

##### **Work Undertaken by Internal Audit**

3. As requested at the meeting in November the risks on the Corporate Risk Register relating to the Education, Leisure & Lifelong Learning and Environment Directorates were examined.

Detailed below are the findings, no recommendations were made.

## **Education, Leisure & Lifelong Learning**

### **ELLL01- Head of Transformation**

#### **Risk**

Inefficient financial/strategic management, in respect of school reorganisation proposals as a result of poorly conceived projects, leading to damage to Council reputation and adverse reaction from local communities.

#### **Mitigating Action**

Robust scrutiny underpinned by sound financial business case development and external (i.e. WG/Wales Audit) approvals for major capital spend; thorough preparation of school reorganisation proposals, with full stakeholder consultation and clearly stated benefits supported by member approval.

#### **Finding**

Welsh Government's School Organisation Code dated 1<sup>st</sup> October 2013 which imposes requirements and guidelines in respect of school organisation proposals is followed whenever school closures, mergers or federations are considered. The Authority has on two occasions been challenged over its school reorganisation proposals and on both occasions the actions of the authority was judged to be in accordance with the Code and legal.

A key objective of the Strategic School Improvement Programme is to ensure the right schools are in the right place and that they are fit for 21<sup>st</sup> Century learning and teaching. Progress is reported monthly to Corporate Directors Group. Capital funding applications are made to Welsh Government and via detailed business cases following the five case business model.

In respect of the latest scheme i.e. Ysgol Newydd Briton Ferry, reports have been presented to Cabinet Scrutiny on 25.06.12, Cabinet on 25.02.12, Cabinet Scrutiny on 01.06.16, Cabinet on 01.06.16, Cabinet Scrutiny on 20.07.16 and Cabinet on 20.07.16.

### **ELLL02 – Head of Transformation**

#### **Risk**

Critical failure in ageing school building estate rendering the Council unable to maintain business continuity and to meet its statutory responsibilities to secure suitable educational provision.

#### Mitigating Action

Identification of prioritised maintenance schemes within the Council's domestic capital programme combined with the Strategic School Improvement Plan that focuses on school reorganisation and rationalisation.

#### Finding

This risk links to ELLL01. There is a planned maintenance programme in place, schools requiring repair and maintenance works are prioritised on the basis of greatest need. Schools are surveyed on a regular basis for condition and accessibility with schools assessed as category grade D being the poorest condition. Tackling category D schools is a key driver in attracting Welsh Government 21<sup>st</sup> Century Schools Programme capital grant funding. Currently there are two schools assessed as condition grade D; one is Dyffryn (lower) school where plans have been developed for a new build replacement, and the other is Cefn Saeson Comprehensive School where a submission to Welsh Government for funding is being developed.

### **ELLL05 – Head of Transformation**

#### Risk

Lack of funding leading to inability to provide statutory SEN Services to vulnerable individuals/groups according to their assessed entitlements.

#### Mitigating Action

Prioritising available resources

Updated Sept 16 - SEN reform due to be considered by WG in the autumn which could increase financial demand.

#### Finding

In order to protect SEN budgets as far as is practically possible budget reductions over time have focussed on non-statutory areas, evidenced by budget reductions in other areas e.g. youth service.

## **Environment Directorate**

### **ENV06 – Head of Engineering & Transport**

#### **Risk**

Adopted bridges/retaining structures – inadequate revenue and capital funding required to meet maintenance needs leading to potential failure resulting in closure, weight and/or highways restrictions – negative impact on residents, communities and businesses.

#### **Mitigating Action**

Enhance programme inspections; identify priority projects for improvement in HAMP and CPSG also links to ENV05 and ENV11.

#### **Finding**

The Highways Asset Management plan 2015 – 18 was approved by members of the Environment & Highways Cabinet Boards on 10th December 2015.

A programme of inspections for 463 bridges and 1,812 structures which NPT are responsible for was sighted all inspections are up to date. The results of the inspections are then fed into the Bridge Assessment & Strengthening Programme and prioritised, copy of programme sighted. The Bridge Strengthening Programme was discussed at the Capital Programme Steering Group Meeting held in December 2016.

All of the above feed into the divisional business plan and service report card which are reported to Policy & Cabinet Resources Cabinet Board.

### **ENV10 – Head of Engineering & Transport**

#### **Risk**

Reduction in Capital and Revenue Programmes of work will affect asset condition and road safety standards.

#### **Mitigating Action**

Asset Management Planning, prioritise work and bid for external funding also links to ENV05 & ENV07

### Findings

There is a Safe Routes Programme which feeds into Welsh Government bid documentations. As a result of bids made to Welsh Government NPT received approx. £900k in the 15/16 financial year. The 17/18 bids were being prepared at the time of this review. Copies of working papers sighted.

### **ENV08 – Head of Engineering & Transport**

#### Risk

Increase in road casualties on County Highway network due to reducing resources

#### Mitigating Action

Maintain current staffing level to target identified vulnerable road user groups through education, training and publicity using resources available

#### Finding

There has been no staffing reduction in the Road Safety Team. A Road Safety Strategy 2015 – 2020, which informs training and education requirements has been developed, it was approved by Environment & Highways Cabinet Board on 28<sup>th</sup> January 2016 and adopted by Council on 17<sup>th</sup> February 2016.

Accident statistics are reported to Welsh Government monthly. Statistics produced by Welsh Government show road accidents in NPT have reduced from 441 in 2006 to 216 in 2015.

A copy of the driver/rider training figures for 2016/17 at end of quarter three was sighted which showed a total 493 drivers/riders had undergone training via one of the eleven training courses available.

### **ENV22 – Head of Engineering & Transport**

#### Risk

Disruption to travellers across the borough and risk to infrastructure arising from Network Rail's electrification programme.

#### Mitigating Action

Work closely with the programme managers to minimise risk and disruption

#### Finding

Meetings are attended by the Head of Engineering & Transport as and when required, delivery of the programme has been delayed.

### **ENV09 – Head of Engineering & Transport**

#### Risk

Impact from changes in service delivery in Social Services on Environment Community Transport Scheme

#### Mitigating Action

Work with Social Services on the rationalisation of Adult Care transport needs

#### Finding

Done in conjunction with social services staff as part of the Improving Lives /Day Opportunities remodel, a rationalisation of routes has been undertaken and surplus vehicles sold. The Management of Change Process was undertaken and 23 staff were redeployed to other roles or left. Savings of £460k have been achieved.

### **ENV07 – Head of Engineering & Transport**

#### Risk

Immediate inability to operate large goods vehicles e.g. refuse trucks, gritter, community buses due to loss of Authority's Operators Licence.

#### Mitigating Action

Driver & Vehicle Risk Management Policy in place, coupled with robust maintenance systems and training regime

#### Finding

80 drivers from the Service Response Centre have recently undergone training in relation to what is expected of them. There is a driving at work group which meets regularly and a fleet audit has recently been undertaken by the Authority's Insurers.

### **ENV05 – Head of Streetcare**

#### Risk

Adopted roads and non-adopted infrastructure (such as countryside bridges/dams) – inadequate capital and revenue funding to meet maintenance needs leading to potential failure resulting in

closure/access restrictions – negative impact on residents, communities and businesses.

#### Mitigating Action

Direct resources from other priorities on an emergency basis as and when required

#### Finding

This risk links to ENV06 and through the mitigating actions detailed there the aim is to reduce occurrences of road closures/access restrictions. A series of defect inspections take place and a winter maintenance plan is in place. There are also plans in place to compile a more extensive list of non-adopted roads and structures which will lessen the risk of disruption as new additions can be added to the inspection plans.

### **ENV01 – Head of Streetcare**

#### Risk

Waste Management – failure to procure replacement longer term residual and food waste treatment/disposal arrangements plus longer term material transfer and disposal arrangements for recyclates.

#### Mitigating Action

Put in place new waste services arrangements.

#### Finding

A report on the current position in relation to the procurement process was presented to Cabinet on 16<sup>th</sup> December 2015, and authorisation was given to the Head of Streetcare in consultation with the Head of Legal Services and Director of Finance & Corporate Services to investigate further procurement routes and a report to be brought back to members for approval.

### **ENV02 – Head of Streetcare**

#### Risk

Updated Sept 16 – Waste management – Failure to meet statutory targets for reuse, recycling, composting (particularly 70% target) and biodegradable waste to landfill, failure of public to participate and accept the necessary changes to meet statutory requirements, plus associated fines and reputational damage .

### Mitigating Action

Further changes to be made to the way we collect waste, including expansion of the “Recycle+” kerbside sort recycling service; put in place longer term arrangements for the treatment of food waste by anaerobic digestion (which means composting food waste to produce energy and fertilizer) and residual waste, plus restrictions on side waste. Updated Sept 16. Some vehicle and service changes took place April/May 2016 with full roll out due Feb/Mar 2017 and a side waste policy came into effect June 2016

### Finding

Currently achieving a recycling rate of 64%, performance is reported quarterly to Environment & Highways Cabinet Board. An update on the recycling trial was reported to members on 14<sup>th</sup> April 2016. A No Side Waste Policy was presented and approved by members on 28<sup>th</sup> January 2016. The Recycle+ Scheme is continuing to be rolled out across the Authority.

## **ENV13 – Head of Property & Regeneration**

### Risk

Abortive maintenance/construction costs as a consequence of changing service delivery strategies

### Mitigating Action

Clear visibility from services on changes in future service delivery; impact statements regarding Property Management Planning included in business plans for 2016/17 – Updated Sept 16

### Finding

Corporate Business Plans now include property management information, issues around property are highlighted and staffing numbers and future requirements included.

## **ENV11 – Head of Property & Regeneration**

### Risk

Inadequate revenue and capital funding to meet building maintenance needs leading to service delivery issues and potential health and safety concerns.

### Mitigating Action

Ongoing programme of reducing the number of maintained buildings



### Finding

Information from ENV13 feeds into this risk, a large number of buildings have transferred to community ownership. Property Performance Report 2016 was reported to Economic & Community Regeneration Board on 20<sup>th</sup> January 2016.

## **ENV14 – Head of Property & Regeneration**

### Risk

Difficulties in securing public and private investment necessary to deliver town centre regeneration.

### Mitigating Action

Continue to develop town centre proposals to provide investment opportunities.

### Finding

There is a dedicated officer for grant funding, a report is in draft and will be presented to members shortly for decision on the next steps.

## **ENV20 – Head of Planning & Public Protection**

### Risk

Failure of the owners/former operators of the Margam opencast coal site to complete an acceptable restoration of the site which is essential to protect the health and safety of surrounding communities which would otherwise be at risk of flooding from the void. The failure to restore will also result in the retention of a scarred landscape which has an unacceptable visual impact up on the character and appearance of the surrounding countryside.

### Mitigating Action

A working group is established to discuss an alternative restoration scheme which will secure a safe and restored site going forward. This scheme is the subject of a new planning application which is submitted with an agreed and restricted period of time. Should planning permission be granted the escrow fund is used to deliver and implement the approved scheme.

### Finding

Sighted a variety of working papers regarding the ongoing monitoring of this site. Planning was approved on 3<sup>rd</sup> May 2016 and an

amendment to one of the conditions was approved on 2<sup>nd</sup> August 2016 following liaison with the planning applicant.

### **ENV19 – Head of Planning & Public Protection**

#### **Risk**

Planning permission is not implemented in accordance with the approved planning permission for the continuation and extension of the East Pit open cast coal site and/or due to the reduction in coal prices the operator ceases to make regular payments to the restoration bond. This will lead to the retention of an unrestored and insufficiently bonded open cast coal site which could fill with water in an uncontrolled manner to the detriment of the health and safety of local communities.

#### **Mitigating Action**

Ensure that regular and constant monitoring of the site is undertaken to secure compliance with the approved plans. Hold regular meetings with the operator with regard to the financial liabilities associated with delivering completion of coaling and restoration of the site. Take a cautious approach to paying back bond monies until absolute certainty is reached with regard to the completion of the tasks associated with the restoration of the site.

#### **Finding**

Viewed latest working papers updated 5<sup>th</sup> December 2016, updated following a site visit (23.11.16) and correspondence received from The Coal Authority (01.12.16).

### **ENV15 – Head of Planning & Public Protection**

#### **Risk**

Improve air quality within the Port Talbot Air Quality Management Area (AQMA) where there is a potential to breach maximum European limits and prevent the declaration of an additional AQMA in the Neath area – Updated Sept 16 This could result in infraction proceedings being taken by the European Union.

#### **Mitigating Action**

Continued monitoring of air quality within the area to the point where it can be demonstrated that continuous improvement has been achieved and the AQMA is undeclared.

### Finding

NPTCBC 2016 Air Quality Progress Report in fulfilment of Part 1V of the Environment Act 1995 Local Air Quality Management was produced in July 2016 and submitted to Welsh Government together with the Detailed Assessment of nitrogen dioxide. These reports give details of the measurements taken and any resultant measures to be taken. They were presented to the environment & Highways Cabinet Board on 1<sup>st</sup> September 2016. Meetings of the Welsh air Quality Forum are regularly attended.

### **ENV21 – Head of Planning & Public Protection**

#### Risk

Environmental Health – e-coli outbreak occurring due to reduction in staff.

#### Mitigating Action

Audits/staff training – consideration into training up other members of staff which could be transferred into the service if there is an outbreak.

### Finding

Quality Procedures Manual – Notifications and Reports of Infectious Disease updated April 2016. Food & Health Protection Team underwent refresher training during 2016.

### **ENV 17 – Head of Planning & Public Protection**

#### Risk

Failure to reduce nickel emissions to be within the European targets within Pontardawe and Neath could result in infringement proceedings being taken by the European Union with associated fines.

#### Mitigating Action

Working with the industrial operators who are generating the emissions to secure the use of Best Available Techniques (BAT) as required under the regulations; continuous monitoring of nickel levels within and outside the buildings in question.

### Finding

Emissions are captured within the NPTCBC 2016 Air Quality Progress Report which was submitted to Welsh Government in July 2016. In

addition it is presented to Environment & Highways Cabinet Board on 1<sup>st</sup> September 2016.

## **ENV18 – Head of Planning & Public Protection**

### Risk

Reduction in staff coupled with an increased workload will result in a drop in performance within the Development Management section and consequential financial penalties.

### Mitigating Action

Retain a sufficiently skilled workforce to ensure that there is capacity to deal with planning submissions in accordance with Welsh Government deadlines.

### Finding

Budget position being monitored closely and new funding streams being explored to ensure that staffing levels can be maintained.

### **Overall Conclusion**

From the work undertaken it is evident that the risks reviewed on this occasion are being appropriately addressed and the Corporate Risk Register managed in line with policy.

### **Financial Impact**

4. There is no financial impact associated with this report.

### **Equality Impact Assessment**

5. There are no equality impacts associated with this report.

### **Workforce Impacts**

6. There are no workforce impacts associated with this report.

### **Legal Impacts**

7. There are no legal impacts associated with this report.

### **Risk Management**

8. This report supports the arrangements for good corporate governance and addresses the responsibility Audit Committee has in ensuring appropriate risk management arrangements are in place.

### **Consultation**

9. There is no requirement under the Constitution for external consultation on this item.

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