



DINAS A SIR CAERDYDD
CITY AND COUNTY OF CARDIFF

COUNCIL SUMMONS

Thursday, 24 September 2015

GWYS Y CYNGOR

Dydd Iau, 24 Medi 2015,

You are summoned to attend a meeting of the **COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** which will be held at the Council Chamber - City Hall on Thursday, 24 September 2015 at 4.30 pm to transact the business set out in the agenda attached.

MARIE ROSENTHAL
Director Governance & Legal Services

County Hall
Cardiff
CF10 4UW

Friday, 18 September 2015

Promotion of equality and respect for others | Objectivity and propriety | Selflessness and stewardship
Integrity | Duty to uphold the law | Accountability and openness

<i>Item</i>		<i>Approx Time</i>	<i>Max Time Allotted</i>
1	Apologies for Absence To receive apologies for absence.		
2	Declarations of Interest To receive declarations of interest (such declarations to be made in accordance with the Members Code of Conduct).		
3	Minutes (Pages 1 - 52) To approve as a correct record the minutes of the meeting 23 July 2015.	4.35 pm	5 mins
4	Lord Mayor's Announcements To receive the Lord Mayor's announcements including Recognitions and Awards.	4.40 pm	5 mins
5	Notice of Vacancy (Pages 53 - 54) To report to Council the vacancy in the Office of Councillor in the Electoral Division of Riverside. Report of the Chief Executive attached	4.45 pm	5 mins
6	Petitions To receive petitions from Elected Members to Council.	4.50 pm	5 mins
7	Public Questions To receive previously notified questions from Members of the Public.	4.55 pm	15 mins
8	Statement of Accounts 2014/15 and Annual Compliance Reports (Pages 55 - 356) Report of the Director Corporate Resources attached Appendix 8, Annexe B & C are not for publication as they contain exempt information of the description in Paragraph 14 and 21 of Schedule 12A of the Local Government Act 1972	5.10 pm	30 mins

9	<p>Audit Committee Annual Report 2014/15 (Pages 357 - 382)</p> <p>To receive the Annual report presented by the Chair of the Audit Committee, Mr Ian Arundale.</p> <p>Report attached</p>	5.40 pm	15 mins
10	<p>Director of Social Services Annual Report 2014/15 (Pages 383 - 436)</p> <p>To receive the Director of Social Services Annual Report presented to Council by the Cabinet Members for Early Years, Children & Families and Health, Housing & Wellbeing.</p> <p>Report attached</p>	5.55 pm	20 mins
11	<p>Scheme to Support the Resettlement of Afghan and Syrian Individuals and Families in the UK (Pages 437 - 442)</p> <p>To receive the report of the Cabinet Member, Health, Housing & Wellbeing.</p> <p>Report attached</p>	6.15 pm	30 mins
12	<p>Leader and Cabinet Member Statements</p> <p>To receive statements from the Leader and Cabinet Members</p>	6.45 pm	30 mins
13	<p>Notice of Motion</p> <ol style="list-style-type: none"> 1. This Council believes that Cardiff Council senior management is top heavy and does not provide value for money. 2. This Council agrees to restructure the senior management at above OM 1 level in keeping with employment law, with a view to saving over £1 million a year. 3. This Council will restructure at OM 1 and OM 2 level, with a view to deleting vacant posts only. 4. This Council will consult with trade unions and staff and set a maximum rate payable to any consultants used by the Council. <p>Proposed by: Councillor McEvoy</p> <p>Seconded by: Councillor Holden</p>	7.15 pm	30 mins
14	<p>Oral Questions</p>	7.45 pm	90 mins

	To receive oral questions to the Leader, Cabinet Members; Chairs of Committee and/or nominated Members of the Fire Authority.		
15	Urgent Business	9.15 pm	5 mins
Unopposed Council Business			
16	Appointment of Local Authority Governors to School Governing Bodies (<i>Pages 443 - 448</i>) Report of Director Governance and Legal Services including the recommendations from the Local Authority Governor Panel 17 September 2015 attached.	9.20 pm	5 mins
17	Appointment to Committee Vacancies, Chair of Environmental Scrutiny Committee and Cardiff Bus Board (<i>Pages 449 - 452</i>) Report of Director Governance and Legal Services attached		
18	Written Questions In accordance with the Council Procedure Rules, Rule 17(f) Written Questions received for consideration and response will be included as a record in the minutes of the meeting.		

THE COUNTY COUNCIL OF THE CITY & COUNTY OF CARDIFF

The County Council of the City & County of Cardiff met at County Hall, Cardiff on 23 July 2015 to transact the business set out in the Council summons dated Friday, 17 July 2015.

Present: County Councillor Walker (Lord Mayor)

County Councillors Ali Ahmed, Manzoor Ahmed, Dilwar Ali, Aubrey, Bale, Bowden, Boyle, Bradbury, Bridges, Burfoot, Carter, Chaundy, Clark, Richard Cook, Cowan, Kirsty Davies-Warner, Chris Davis, De'Ath, Derbyshire, Elsmore, Evans, Ford, Goddard, Goodway, Gordon, Govier, Groves, Hill-John, Hinchey, Holden, Howells, Hudson, Hunt, Hyde, Javed, Keith Jones, Margaret Jones, Joyce, Kelloway, Knight, Lent, Lloyd, Lomax, Magill, Marshall, McEvoy, McGarry, McKerlich, Merry, Michael, Mitchell, Morgan, Murphy, Parry, Patel, Phillips, David Rees, Dianne Rees, Robson, Sanders, Stubbs, Thomas, Ben Thomas, Graham Thomas, Lynda Thorne, Walsh, Weaver, White, Darren Williams and Woodman

44 : APOLOGIES FOR ABSENCE

Apologies were received from Councillors Ralph Cook, Graham, Love and Simmons.

45 : WEBCASTING AND RECORDING OF PROCEEDINGS

Members were reminded of a decision of the Constitution Committee on 10 July, 2008 to webcast the Council meeting. Members were also reminded that the Constitution Committee had previously agreed that Council proceedings be recorded for administrative purposes.

Formal approval to record the proceedings was granted.

46 : DECLARATIONS OF INTEREST

The Lord Mayor reminded Members of their responsibility under Article 10 of the Members' Code of Conduct to declare any interest, and to complete Personal Interest forms, at the commencement of the item of business.

The following declarations were made:

<u>Councillor</u>	<u>Item</u>	<u>Interest</u>
Councillor Woodman	Item 14 – Deputy Leader & Cabinet Member Early Years, Children & Families.	Personal Interest in National Adoption Service as Family member is a Manager in the Service.
Mr Richard Tebboth	Item 10	Pecuniary Interest as Member seeking re-appointment to the Standards & Ethics Committee.

47 : MINUTES

The minutes of the meeting of Council held on 25 June 2015 were approved as a correct record and signed by the Chairperson.

48 : PENTYRCH BY-ELECTION

The Lord Mayor welcomed Councillor Gavin Hill-John to his first Council meeting following his election to the vacancy in the Electoral Division of Pentyrch on 30 June 2015.

Councillor Gavin Hill-John expressed his thanks to the electorate and supporters and welcomed the opportunity of representing the constituents of Pentyrch and undertaking his role as a County Councillor.

49 : PETITIONS

The following petitions were submitted:

- 1 Councillor Davies-Warner – 13 signatures – requesting double yellow lines because of parking difficulties at Bridge Street, Llandaff.
- 2 Councillor Bradbury - 225 signatures – requesting for the provision of further Welsh Medium School places in the Ely/Caerau area.
- 3 Councillor Boyle - 259 signatures – opposing the introduction of wheelie bins in Kimberley Road and the surrounding roads in Penylan.
- 4 Councillor Clark - 34 signatures – opposing restrictions on the collection of general waste in bag and bin areas in Cathays.
- 5 Councillor Howells - 48 signatures- requesting the repair of and re-opening Roath Library.
- 6 Councillor Darren Williams – 55 signatures – requesting traffic calming measures on Conway Road.
- 7 Councillor Hudson – 150 signatures – requesting that Wedal Road Recycling Centre remain open.

50 : PUBLIC QUESTIONS

Public Question: *Sarah Jones*

The Council's Waste Management Strategy suggests that the consultation relied upon (*Consultation Report: Outline Waste Management Strategy: 2015–2018*) broadly supported a wider roll out of bins as opposed to bags. There is no supporting evidence in the survey or responses for this statement. If the Council already intended to roll out more bins, and specifically sent the survey to 500 existing bag users, why did it not ask the simple question whether those people wanted Bins or Bags?

Reply: County Councillor Derbyshire

Three separate city-wide consultations have been undertaken, which helped to inform the waste-collection changes which are underway. 75 percent of respondents to the initial consultation exercise, carried out in February 2014, said we should replace the bag collections with bin collections wheel bin collections. Extra focus was given to those areas of the city with bag collections as there were no waste restrictions in place previously for households and residents and they could put out as many bags as they wished. Those households that already had bins did not have that luxury.

As a result, the impact of current changes will inevitably be greater on bag-collection areas in the city as households can now only put out a maximum of three bags a fortnight, and that is why the last consultation exercise undertaken sought views from residents more within the bag-collection areas.

Where properties are suitable for wheel bins (i.e. they have a frontage and rear in which to keep the bins) the only reason why they don't get bins will have to do with the fact that operational efficiencies have to be carried out and we cannot afford to provide tailored services to each household on the basis of what each individual wants.

Supplementary question: Sarah Jones

I'm assuming that the February 2014 survey referred to is the *Future of Waste and Recycling 2025 Vision for Cardiff*. Assuming that is correct, then I note that it is not referenced or referred to in the Cabinet papers to prove the decision to roll out the bins.

Can you confirm, therefore, that the Cabinet papers were incorrect?

Reply: County Councillor Derbyshire

The Waste Strategy as a whole has been approved by Cabinet.

Public Question: Ian Layzell

With regard to waste collection changes in south Penylan; why are there different collection methods proposed for Ilton Road and Amesbury Road?

Reply: County Councillor Derbyshire

In response to the question as to why there are different collection methods: it's because of the physical nature of the housing stock in the roads that you refer to. On Ilton Road, for instance, properties on one side of the street have steep steps up to the front door and whilst they do have frontages, they are enclosed by small walls. Therefore, the whole street was left on a bag collection, as I said before, because of the operational side of things.

That's not the case on Amesbury Road, which has accessible frontages on both sides of the street and no issues with steps.

Supplementary question: Ian Layzell

That doesn't necessarily explain the inconsistencies that we worry about. Your survey by the Waste Strategy team, presented to Councillors in May shows, for example, that 20 out of 42 houses in Ilton are suited to bins, but they get bags; similar to Deri Road, where 26 out of 56 are suited to bins but they get bags; and Kimberley Road 23 out of 118 are unsuited to bins, they get bins; but the end of Kimberley Road, 26 out of 36 are suited to bins but they get bags. I wonder what's going on sometimes.

One of the key aims of your Waste Management Strategy, I note, is that you want a value-for-money service that is cost effective and efficient, so my question is, therefore: with such an inconsistency of collection methods in such a small area of some 1100 households, why can't you make it more cost effective, more efficient, and at the same time more appropriate to residents' needs and more in keeping with the streetscape? In other words, why can't we all have bags and not bins?

Reply: County Councillor Derbyshire

I think we have spoken previously, obviously, and I try to make it clear that a lot of these issues are done for operational reasons (i.e. the actual collection rounds have to fit in in a certain criteria) and that's why we do a lot of the things that we do.

Where you've mentioned, where for instance some houses are suitable for bins and some are not, then we take a judgement on the suitability because obviously, where some are not we can't put bins in there, therefore we often have gone with bag collections for the whole street.

I'll touch on the other issue that you brought up as well: in terms of the way it goes, the bins are there for a specific reason that I wanted bins where we can have bins and where it was appropriate to have them. That's the basis that we looked at it and we looked at it from that basis and what we had to do then was decide where bins were not appropriate, and where they were not appropriate we've left it with bags.

Public Question: David Davies

With regard to waste collection changes in south Penylan; if the red/white striped bags are collected by the same type of vehicle that collects the black wheeled bins, why can you not extend the collection of general waste using red/white striped bags?

Reply: County Councillor Derbyshire

The general-waste vehicles may look the same, but they're not the same in respect of why we can't extend the collection using the same vehicles. Vehicles that are used to collect bins have a bin lift at the back, and those used for collecting bags have what's called an open back.

So there are two different types of vehicles and it is the case that we can't use the vehicle for the bins to put bags in because it would be a health-and-safety hazard for the operators. So it's not safe for the waste collection crews to use the bin-configured vehicle to collect bags as it requires them to throw the bags high over the bin-lifting equipment. This could potentially cause more physical injuries to staff and the health-and-safety executive does not support such practices. Therefore, a bin-collection round using the appropriate vehicle cannot service a bag-collection area and *visa versa*.

Supplementary question: *David Davies*

If separate vehicles are required, it'll obviously require a mish-mash of routes throughout the whole of Penylan. How can that possibly improve efficiency and cost of waste collection whilst at the same time angering all residents and blighting what is, or should I say "was", a very attractive part of the city?

Reply: *County Councillor Derbyshire*

I refer you back to what I said earlier about operational matters.

It is the case that the whole of Penylan is not done by one vehicle in one go. There are a number of vehicles that service Penylan, as with other wards. So what we have to do is we look at how many houses that vehicle can deal with on its round. So where you've got a bin-collection vehicle, for instance, it does enough houses with those bins. Once it's finished it then goes back to the depot, and the same for the bag area. So, just because you've got bin and bag areas seemingly next door to each other, that doesn't mean that you're actually making it worse. Operationally, that's what works well and that's why, for instance, in Penylan I was able to make the changes re: the green waste because those houses we could fit in extra bag collections when it came to the green waste.

51 : LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor advised on the following

Condolences

Members expressed their sincere condolences to Councillor Jackie Parry and her family at the loss of her husband Geoff.

Welcome

A welcome was extended to the Chair of the Standards and Ethics Committee Mr Richard Tebboth who was attending to present the Committees Annual report.

60th Anniversary of Twinning with Stuttgart

The Lord Mayor was delighted to host the Deputy Mayor of Stuttgart, Dr. Martin Schairer and his delegation to Cardiff along with the Chair and Members of the Cardiff – Stuttgart Association as part of the 60th Anniversary of our twinning agreement with the city of Stuttgart. The link between Cardiff and Stuttgart are important and have developed over the years and is not only a cultural, educational and social link but an important economic partner from whom we can learn and share best practice and innovative ideas, and look forward to further strengthening of these links going forward.

Lord Mayor's Charity Events

Fund raising for the Lord Mayor's Charity - Velindre Cancer Care has started in earnest, and the Lord Mayor thanked all those involved in arranging events. The Lord Mayor was keen to get all citizens involved in fundraising for this important charity and will be updating Members on a regular basis on the events and activities and the fundraising.

52 : STANDARDS & ETHICS COMMITTEE ANNUAL REPORT 2014/15

The Chairperson of the Standards & Ethics Committee. Mr Richard Tebboth presented the eleventh Annual Report of the Standards & Ethics Committee which detailed the work undertaken by the Committee in 2014/15.

The Chair indicated that the Committee wished their role to be a positive and proactive one, working in partnership with Council Members and officers to promote high standards, as well as fulfilling fairly and scrupulously its re-active role in dealing with complaints referred to us for determination. To this end the Committee meets with group Leaders and Whips to discuss issues and exchange views. In addition the Committee had agreed to introduce a more systematic approach to observing Council and Committee meetings, to enable Members of the Committee to familiarise themselves with the workings of the Council.

The report sets out the Committee's major areas of work during the past year. The table of complaints shows that many are dealt with without formal hearings; when these are required the Local Resolution Protocol for member-on-member complaints the Committee to deal with these more directly and swiftly than when they had to be referred to the Public Services Ombudsman for Wales. The Committee have reviewed and revised Council policies that fall within its remit and reviewed the Charter between Cardiff Council and the Community Councils, and continued to monitor hospitality, gifts and other benefits received by Members.

In October 2015 Cardiff would host the All-Wales Standards Conference, and planning for this was already well advanced. It would provide a timely opportunity to reflect on experience and prepare for the future, in a context of likely change for local government as a whole.

In closing the Chair thanked all those concerned with the Committee for their contributions throughout the year and in particular thanked Councillors Lloyd and

Dianne Rees who had stood down from the Committee in May for the work she had done supporting and actively participating in meetings. The Chair thanked all County and Community Councillors for the part they play in promoting and maintaining the principles of public life.

The Lord Mayor thanked the Chairperson for attending and presenting the report and invited questions and comments from Members. Members commended the work of the Committee over the last 12 months and in particular the cross party work undertaken on Social Media Guidance. Members welcomed the proposed future priorities in particular the reviewing of the Planning processes and procedures.

A Member raised the matter of Member protocol in relation to Ward matters and the need to ensure that Ward Members are kept informed of matters relating to their wards.

The Chair was keen that the Committee worked with Members to provide the best tools and guidance to undertake their roles to avoid inadvertent mistakes. The Committee would keep Members up to date with the change in guidance issued by Welsh Government and the Ombudsman and will hold sessions periodically for all Members as part of the Member Training & Development programme for 2015/16.

RESOLVED – that the Chairperson and Members of the Committee be thanked for their work and the eleventh Annual report be accepted and noted.

53 : STANDARDS AND ETHICS COMMITTEE - INDEPENDENT MEMBER RE-APPOINTMENT

(Mr Richard Tebboth declared a personal and pecuniary interest in this item under the Member Code of Conduct as the independent Member seeking reappointment to the Standards and Ethics Committee. Mr Tebboth left the meeting during consideration of this item).

The Council was advised that the four year term of office of Mr Richard Tebboth an independent Member and Chair of the Standards and Ethics Committee was due to expire on 23 September 2015; and the recommendation was to reappointment.

The Regulations provide that an independent Member of a Standards Committee may be reappointed by the authority for one further consecutive term of up to 4 years. Mr Tebboth has indicated that he is willing to stand for re-appointment.

RESOLVED – That Council approved the reappointment of Richard Tebboth as an independent member of the Standards and Ethics Committee with effect from 23 September 2015 for a further four year term.

54 : DEMOCRATIC SERVICES COMMITTEE ANNUAL REPORT

The Lord Mayor invited the Councillor Cowan as the former Chair of Democratic Services Committee to present the Committee's third Annual report.

Councillor Cowan thanked Graham Porter, Senior Committee and Members Services Officer, and officers in Democratic Services for their unstinting work over the past twelve months. With diminishing resources and additional pressures, the support has continued and much has been achieved.

The Chair also thanked the cross party Members of the Committee who worked tirelessly on the Committee, in Task and Finish Groups and attending training and development sessions.

The Committee had achieved a lot over the last 12 months in particular the development of Member Development Strategy and programme; Members ICT project; roll out of Modern.Gov and the Member on line Library Service. It had received reports and had input into improvement to the Member Enquiry Line and been able to discuss issues with the Chief Executive as well as linking with the Standards and Ethics Committee and Constitution Committee.

The Lord Mayor invited contributions from Members and Councillor Clark as the new Chair of the Committee informed Members of the on-going work of the Committee in 2015/16 to further develop a range of learning opportunities for Members and different ways of delivering training; working with the All Wales and Cardiff Academy. Councillor Clark looked forward to continuing and building on the good work of the previous Chair and reviewing the support given to Members and the resources available to them.

RESOLVED – That the Chairperson and Members of the Committee be thanked for their work and the third Annual Report of the Democratic Services Committee report be accepted and noted.

55 : BUDGET STRATEGY 2016/17 AND MEDIUM TERM

The Lord Mayor invite the Cabinet Member, Corporate Services and Performance, Councillor Hinchey to present the report on the establishment of the financial strategy for the Council in readiness for the preparation of the 2016/17 revenue and capital budgets and to update the financial strategy to meet the continued significant financial challenges facing the Council in the medium term. In response to the risks attached to delivering savings of the expected quantum on a year on year basis the report sought to put in place savings targets for directorates not just for 2016/17, but for the life of the Medium Term Financial Plan.

The Cabinet at its meeting on 16 July 2015 had considered and agreed the recommendations in the report.

The Cabinet Member highlighted that it was only a few months since he had stood in the Council Chamber to deliver the Council's budget for 2015/16. It had been a very difficult budget setting process and three months down the line the on-going budget preparation process for 2016/17 was anticipated to be just as challenging with significant cuts in public services funding and public spending.

The Council is facing a budget shortfall of £47.4 million next year, which is anticipated to rise to £117 million by the end of 2018/19 financial year. The budget

report highlights an even worse scenario, which could see the budget gap rise to £56.4 million next year and £145.7 million by 18/19. These cuts come on top of around £205 million of council cuts over the last decade.

Cardiff is still ranked 21st out of 22 councils in relation to the funding it receives per head of population from Welsh Government. The Council receives £1170 per head of population in Cardiff, which is well below the Welsh average of £1323 per head.

The Cabinet Member advised on the on-going protection of schools budgets and significant demographic pressures faced by Cardiff which means that other services will be significantly squeezed. Of the overall Council budget of £570 million, the cuts have focussed on just £223 million un-protected budget which includes areas of statutory duty and escalating demand.

The Cabinet Member underlined the importance for the Council of protecting services to the most vulnerable in society; supporting schools and ensuring that there is sufficient housing and the need to maintain services such as waste management. There will be some very tough decisions and choices in the coming years. The Council will have to change the way it operates to build a sustainable future for Cardiff.

The Cabinet Member highlighted areas where change was taking place within the organisational development programme including progress being made on alternative delivery models (ADMs); and different ways of delivering services to identify how we can deliver more effectively the best services at the least cost. The focus is on performance management and ensuring the Council has the best people to take the city forward. Cardiff is Britain's fastest growing city. This ability to attract and keep people is essential to the city's future economic success.

The Cabinet Member in summing up reiterated that it was vital that the Council delivers the organisational development programme; reforms its public services, develops the city, and overcomes the considerable challenges outlined in this report.

The Budget Strategy report set out the timetable for the budget process to allow for the presenting of the Budget Report to Council on 25 February 2016.

The Cabinet Member commended the report and the report was seconded by the Leader, Councillor Bale. The Leader underlined the challenges for the Council and the on-going budget pressures; work being undertaken as part of the change programme and representations being made to Welsh Government. Cardiff as the Capital City of Wales was unique in its requirements and a key economic driver for the future. The Leader highlighted the partnership work within the region; the Severn estuary authorities and the partnership working on the City Deal.

The Lord Mayor invited debate on the budget strategy and invited comments from the Finance Spokespersons and Members in which a number of points were made, including the need to make representations to Welsh Government to redress an inequity in terms of funding received in particular business rates; the need for the Council to clearly assess its priorities and the costs of

services; concerns around asset and property management; revenue costs; interest on loans; its level of reserves; capital investment; and the projected increases in Council Tax.

Members raised issue around budget monitoring and savings targets; demand management; budget realignments and future projections. Members also highlighted the need to consider the future budget framework within the context of shared services and the proposed Local Government mergers.

The Cabinet Member responded to the matters raised.

RESOLVED – That Council agreed and adopted the Budget Timetable Framework set out and that the work outlined is progressed with a view to informing budget preparation.

56 : CONSTITUTION COMMITTEE RECOMMENDATIONS- WEBCASTING,
PUBLIC QUESTIONS AT SCRUTINY AND MINOR CONSTITUTION
AMENDMENTS

The Council was requested to consider the recommendations of the Constitution Committee from 15 July 2015 in respect of the webcasting of Council and Committee meetings; introduction of Public Questions at Scrutiny Committee meetings; the Officer delegations for Discretionary Business Rates Relief and the consequential Constitution amendments.

Councillor De'Ath proposed the report which was seconded by Councillor Hunt. Councillor De'Ath advised on the current procedure for recording of meetings; the Welsh Government statutory Code of Practice on Local Authority Publicity; and the guidance on Welsh Local Government Association on Webcasting protocol.

The Constitution Committee had agreed the Webcasting protocol; the provision of additional webcasting hours; and installation of the webcasting system in Committee Room 4 in County Hall with the proposal to webcasting Planning Committee on a six-month trial basis.

The Constitution Committee also agreed to a piloting of Public Questions at Scrutiny Committees in October and November 2015 in conjunction with the Cardiff Third Sector Council.

Members welcomed these proposals and endorsed the recommendations of the Constituting Committee, and noted that the Committee would receive a report back on the pilots in due course.

RESOLVED – That

- (1) it was agreed to continue the official webcasting of full Council meetings, without seeking express consent at the start of each meeting;
- (2) it was agreed the webcasting of Planning Committee meetings on a 6 month trial basis commencing in September 2015;

- (3) the draft Webcasting Protocol subject to the amendments recommended by the Constitution Committee and set out in paragraph 14 of this report and any other amendments agreed by Council, to govern the webcasting trial (if approved under recommendation (2) above) was approved;
- (4) it was agreed to delegate authority to the Monitoring Officer to make any amendments to the Planning Committee Procedure Rules and any amendments to the draft Webcasting Protocol which are necessary to facilitate the trial;
- (5) a proposed 2 month pilot of public questions at scrutiny committees, as set out in this report and Appendix 3, subject to any amendments agreed by Council was approved; and
- (6) the amendment of delegation FS9 in respect of Discretionary Business Rates Relief, as set out in the report was approved.

57 : LEADER AND CABINET STATEMENTS

(Councillor Woodman declared a personal interest in the Cabinet Member for Early Years, Children & Families Statement under the Member Code of Conduct. Councillor Woodman remained in the meeting during consideration of the statement).

The following statements were received: -

Leaders Statement

UEFA Champions League Final – Road to Cardiff 2017

Cardiff will play host to football's biggest club game, the UEFA Champions League Final, at Millennium Stadium on Saturday 3rd June 2017. It is the world's most-watched annual sporting event, shown in more than 200 countries, and will ensure the eyes of the world are on Cardiff.

This will also include hosting the UEFA Women's Champions League Final at Cardiff City Stadium and the Champions League festival, a free four-day event, which includes games featuring football legends and events with the community to ensure the final leaves a lasting sporting legacy.

This presents another opportunity to showcase Cardiff to the world, and will bring a large number of visitors and international media to the city, as well as giving a significant boost to our city's economy. It is exciting news for Cardiff, built on the back of our proven track record of hosting major events, and will raise our city's international profile even further. The Road to Cardiff has begun and work is ongoing to deliver a first class Champions League Final in 2017.

Business Roadshows

The City of Cardiff Council, working with Business Wales and Business in Focus, has held a series of business roadshows across the city. This has been an opportunity to

go and speak to businesses, understand their issues, and promote key initiatives, such as the development of a City Deal. It has also provided businesses with direct access to a range of council services.

The roadshows have been positively received by the business community and the Council's Economic Development team is working closely with a number of businesses on growth projects that will help support our priority to create more and better paid jobs in Cardiff. Engaging with local businesses, especially as we work towards delivering a City Deal for Cardiff and the wider region, is extremely important and I am committed to continuing this dialogue.

60th Anniversary of Cardiff-Stuttgart Twinning Arrangements

This year marks the 60th Anniversary of the twinning of the cities of Cardiff and Stuttgart. A delegation from Stuttgart recently visited Cardiff to participate in a series of events, including a reception at Mansion House, which all Members were invited to attend. It offered us the opportunity to discuss how we can build on our strong ties in areas such as education, trade and commerce, share learning, and show the delegation all that Cardiff has to offer.

A Memorandum of Understanding was signed to mark the 60th Anniversary with an agreement to work together in the financial services sector, the creative industries sector, and to cooperate in wider economic development activities and on EU funding applications. Our relationship with Stuttgart continues to go from strength to strength and further activities will take place throughout the year.

The Lord Mayor invited questions on the statement and the Leader responded.

Deputy Leader & Cabinet Member for Early Years, Children & Families Statement

Council received an update on developments in Children's Services since my last statement to Council.

The Cabinet Member was pleased to be able to advise that further significant progress has been achieved supported by the Children's Service's Improvement Plan, the continued engagement of the Chief Executive, the ongoing involvement by the Director in the Challenge Forum and the work of the Organisational Development Programme.

The work of the Directorate has also been supported by officers drawing on our development relationship with Leeds City, which I visited with Officers in June to learn about their improvement journey over the last 5 years. In this connection I am very interested in their whole council 'Child Friendly City' concept which puts children and the future they represent at the heart of the public and business community in Leeds and I have asked officers to explore options to consider for developing a similar approach in Cardiff.

There is now a stronger strategic focus on planning for better outcomes and building a sustainable future for children's services over the longer term and I will return to this in a moment

1. Operational Delivery

Turning firstly however to developments in strengthening and securing sound operational service delivery.

The Director's close attention to operational safety and integrity over the last 2 years means that the service is in a much more stable and healthier condition. This is evidenced by

- sustained lower caseloads - down from 24.5 at 30.06.14 to 18.9 at 30.06.15
- stronger performance in key areas
 - Initial assessments 34.6% in Q1 2014-15; 67.1% in Q1 2015-16 (95.7% in June 2015)
 - Core assessments 49.8% in Q1 2014-15; 71.2% in Q1 2015-16
 - Initial CP conferences 91.0% in Q1 2014-15; 96.2% in Q1 2015-16
- a more stable recruitment and retention position with an increase in applications for social work posts from other authorities in the region and from agency staff. Agency staff are down from 55 in June 2014 to 34 in June 2015

The Directorate recognises that there still remains much to do to improve performance further across a wider range of performance dimensions, particularly in terms of enhancing attainment by Looked after Children and in terms of strengthening the offer for disabled children.

This improvement work over the last year, consolidating the 2013-14 year, means that the service has been able to engage in key strategic developments and these include a sustainable and improving future for the service

2. Strategic Developments

- Prevention - the preparation of a new preventative and early help strategy which has already engaged partners around a common objectives to reduce the number of looked after children and enable families to get help earlier. This strategy has been developed on the basis of national best practice elsewhere, supported particularly through our development relationship with Leeds City Council. This strategy will be formally launched in the Autumn.
- Secondly, Child Sexual Exploitation - I know that members will be particularly pleased to hear that a new multi-agency Child Sexual Exploitation Strategy has now been finalised and will be considered by Cabinet in September. The strategy has been sponsored by the Local Safeguarding Children Board and reflects the latest national thinking about how agencies should work together to take on the lessons from other parts of the country and work more effectively to tackle this pernicious crime.
- Organisational Development Programme - I would also want to highlight the accelerating agenda that is supported by the Organisational Development Programme which is enabling much better cross directorate collaboration and

resource sharing to support the Children's Services Improvement Plan. Headlines include the development of

- a Multi-Agency Safeguarding Hub otherwise known as a MASH, targeted for early implementation in 2016/17;
- the much needed mobilisation of social workers with the latest ICT – this will not only be more efficient but will enable social workers to spend more direct time with families - again early 2016/17 implementation is the target;
- the re-design of our fostering services in to increase the number of local placements for Looked After Children and reduce out of area placements;
- the development of a new model of social work delivery based on the tried and tested 'signs of safety' practice model that has been successful elsewhere in achieving better outcomes for children;
- a new model for providing and accessing accommodation for young single homeless and Care Leavers;
- and finally work to develop an initiative to prevent older children entering the looked after system - again based on national best practice.

These are all large and complex initiatives which place heavy demands on officer time but I am very grateful to the commitment and determination of officers in the service to ensure that these key improvements materialise into tangible change.

The Cabinet Member was pleased to announce that in April we raised the grant to Care Leavers by £800 to £2000 putting Cardiff Care Leavers on a par with their peers elsewhere.

Members were advised that recruitment of an Assistant Director is underway and that appointments to two new joint funded posts initiated by the Director to deliver the MASH and the much needed change programme for disabled children's services, are being made and will be in place in the next few weeks.

In conclusion the Cabinet Member was pleased to welcome the first Annual Report of the National Adoption Service and in particular the part that Cardiff has played in facilitating its success.

This substantial and wide range of significant development reassures members that our improvement journey remains on course and continues to extend its reach.

The Lord Mayor invited questions on the statement and the Cabinet Member responded.

Cabinet Member for Environment

Green Flag Status

Following independent assessment earlier in the year the Council has retained Green Flag status for ten of its Green Spaces, these being, Bute Park, Roath Park, Victoria Park, Rumney Hill Gardens, Victoria Park, Grange Gardens, Parc Cefn Onn, Cardiff Bay Barrage, Cathays Cemetery and Thornhill Crematorium. The Council has been able to demonstrate that it continues to meet the criteria set out within the benchmark

standards which include a welcoming place, a healthy, safe and secure place, a clean and well maintained place, conservation and heritage, community involvement and management.

Love Parks Week

The 24 July marks the commencement of Love Parks Week and initiative led by Keep Britain Tidy which promotes the value and benefits of parks and green spaces across the UK. Members may recall that in previous statements the Cabinet Member referred to the Volunteer Development Partnership Group, a group established earlier in the year which aims to bring the Council and communities together for mutual benefit through this group, a series of activities / events, across our Parks and Green Spaces throughout the City has been planned for the Week.

Cardiff Bereavement Services

Cardiff Bereavement Services has this week been shortlisted as a finalist for the APSE Service Awards 2015 in the category 'Best Service Team – Cemetery & Crematorium'. This is an excellent achievement for the service to be named as a finalist in the first year that they have entered and it is a real boost to a dedicated team who work extremely hard all year round to provide a fitting and professional service to the bereaved.

The awards will take place on the evening of 3rd September 2015 at Brangwyn Hall, Swansea and we wish the service area the best of luck in the final.

Waste Strategy Changes

The Waste Management Service has been working very hard ahead of the commencement of waste collection changes on 27 July 2015. Over the past weeks, Teams have been delivering wheeled bins to expand the scheme into areas where waste has previously presented for collection in bags and also delivering bespoke red striped bags to those properties where the use of wheeled bins is not suitable. The changes being made are essential to enable the Council meet the statutory recycling targets and avoid potential fines.

The Lord Mayor invited questions on the statement. A number of Members raised issues around the current roll –out of the waste and recycling changes around the city and the consultation process; ways of improving collection rates . The Cabinet Member responded to these comments.

Cabinet Member Corporate Services & Performance Statement

Cardiff Manager Programme Update

The Cardiff Manager Programme, have had a number of managers achieve their Institute of Leadership & Management (ILM) Level 3 Qualification as a result of completing their assignments. Already some 23 managers have gained the full qualification and 37 have gained part of the qualification and working to complete the second part. A further 92 assignments have been submitted and are currently being

marked by Cardiff and Vale College. All managers within the target group of middle managers will have completed all four themes by October 2015.

People

The HR team has supported a range of Employee Engagement activities over the last month, including the Chief Executive Roadshows; co-ordinated the Employee Survey, which resulted in over 50% response rate from staff; and facilitated the first Cardiff Manager Forum with the Chief Executive.

The HR team supported the Works Council meeting that was held at end of June, which focussed on the broader agenda of managing attendance & wellbeing, including the Corporate Health Standard, employee counselling and the Welsh Government mental health initiative, Time to Change.

The recruitment process for the posts of Chief Finance Officer and Assistant Director (Children's Services) has been supported by HR.

Enhanced HR support has been provided to Eastern High and the Federation of Glyn Derw High School and Michaelston Community College. HR has also worked as part of the Central South Consortium HR group with a focus on policy development and guidance for schools across the consortium area.

C2C

The expansion of C2C opening hours and review of working practice is delivering excellent results for people contacting the Council. From April to June 2015, the call centre handled 33,000 additional calls, due to annual council tax billing, at the same time as improving the answer rate performance measure for the 3rd consecutive quarter.

The Council has now built up real time analytics of how our customers choose to interact with us. This is through traditional channels such as the phone, but also online and we are exploring the opportunities that this brings with nearly 45% of our customers accessing the website using a mobile device.

The Council has also built up its social media presence with 43,178 twitter followers. This is crucial in managing the customer demand for major changes such as the waste collection changes, where the Council can get messages out quickly and answer common concerns in order to reduce the demand on residents phoning in or visiting a Hub.

Public Building Wi-Fi

ICT have worked in collaboration with the Digital Cardiff project team to install or replace Wi-Fi in 80 council premises. Many of these buildings have not previously benefitted from Wi-Fi but the grant funding from UK Government has enabled free Wi-Fi in the public areas of approximately 200 buildings across the city.

Shared Regulatory Service

The new Shared Regulatory Service between Cardiff, Vale of Glamorgan and Bridgend Councils came into being on 1st May 2015. ICT are in the process of migrating the systems currently in use by Cardiff employees to the new service. The new service is recruiting to fill their new establishment and staff are still based in Cardiff premises using Cardiff hosted IT systems. ICT will be transitioning these systems across to the new service over the coming year at the same time as implementing mobile working for the team to support more efficient operation.

Community Asset Transfers

ICT has worked with Directorates to enable the first of the Community Asset Transfers. It is anticipated that there will be many more over the coming year and amongst other aspects that require consideration are any ICT implications including broadband links, telephony (mobile and fixed), printing, Email, Wi-Fi, desktop devices and software licences as well as line of business applications used. This is a complex piece of work and each of the initial sites reviewed have very different requirements requiring a great deal of planning to ensure a smooth transition.

Estate Management

The Cabinet Member was pleased to report that the inaugural Corporate Asset Management Plan has been approved by Cabinet as the delivery action plan of the Property Strategy, Organisational Development Programme and Corporate Plan. The plan explicitly sets out the Council's intentions relating to its operational estate for the next 12 months. The estate has a large proportion of assets in a poor state of repair with a costly maintenance back log of in excess of £100m, and the aim of the asset management plan is to have '*fewer but better buildings*'. The key focus will be on further office rationalisation, Community Asset Transfers and disposal of surplus assets with emphasis on delivering capital receipts. A review of the non-operational portfolio will also be forthcoming in the autumn with a view to increasing revenue income from assets.

Health & Safety

All Directorates completed a Health and Safety Annual Report 2014/15 and have Health and Safety Action Plans 2015/16 incorporating the corporate health and safety objectives 2015/16. Further work is required in some Directorates. New Directorates will also need to bring together the relevant parts of other Action Plans for the new Directorate Action Plan.

A Health and Safety Advisory Forum was held on 17th June 2015. Agenda items included Health and Safety Inspection Reports by Health and Safety advisers in respect of City Centre Management and The Bishop of Llandaff C/W School; Directorate Health and Safety Annual reports 2014/15 and Health and Safety Action Plans 2015/16; and Fire Awareness.

Cabinet Member for Health, Housing & Wellbeing Statement

City Centre Advice Hub

The City Centre Advice Hub and the Tenant Resource Centre has relocated from Marland House to the new Central Library Hub making it even easier for customers to engage with Council Services. Major improvement works have hugely improved the range of facilities and services available from the building and the new Library Hub will be open six days a week, making services more accessible.

Homelessness Assessment Centre / Huggard Centre

The Homelessness Assessment Centre and the Huggard Centre. Have excellent facilities as well as dedicated staff involved in our partnership to prevent homelessness where possible and reduce the negative impact that homelessness can have by really effective joint working. Recently, the centre received a visit from the Chief Executive of a Homeless Charity Board in Adelaide who had visited Homelessness centres in America and Europe to take good practice examples back to Australia. His view was that our service provided the best example he had seen of joined up and engaged services.

New developments in the partnership include, the Gateway Project, which is a partnership between Cardiff's Homelessness Service, housing providers and local hostels with the objective of providing a clear route out of homelessness for single, non priority clients. The Project consists of two staff and one volunteer, operating from the Councils Housing Options Centre and in the past year almost 1400 individuals in homeless crisis have been seen. The door to the Gateway never closes and the service offers compassion and consideration to all those who are homeless. The Project is passionate and proactive in integrating homeless clients into appropriate accommodation, reducing rough sleeping in our City and empowering people to move toward a positive future.

Tenant's Voice

The Tenant's Voice meetings are where tenants can come along and meet with me and Senior Managers from Housing Services. The most recent Tenants Voice meeting was held at City Hall on July 8th. It provided tenants an opportunity to hear from us about the services we provide and how we can work together to improve them. At this meeting, a brief presentation was given on the results from the Annual Tenants Satisfaction Survey, which was very well received by tenants. Approximately 20 tenants attended and found it very useful and informative.

As well as the Tenants Voice meeting, we held a housing regeneration bus tour of the City. This was well attended and participants found it very informative and were particularly interested in the proposals for building new properties to try and address social housing demand. The tour also included the new Hubs in Llanrumney and Butetown, which all agreed was very impressive and prompted positive discussion about the future hub roll-out programme.

Independent Living Service

The Independent Living Service is developing a First Point of Access for Health and Social Care clients. This new service will establish a single point of access for older people including all new social care requests. The Independent Living Service will work with clients and Occupational Therapists to consider a holistic range of alternatives to meet their needs, rather than the more traditional and costly packages of care. This service will be available to the public and health care professionals including our partners at the UHB and aligns with the new Social Services and Wellbeing Act requirements. The service is committed to working with older people to promote independence and choice.

58 : NOTICE OF MOTION

The Lord Mayor advised that one notice of motion had been submitted and was included on the Summons for the meeting. Two amendments had been received to

The Notice of Motion was proposed by Councillor Howells and seconded by Councillor Carter as follows:

This Council notes:

- That due to issues with the heating system, Roath Library has been temporarily closed since November 2014;
- That since then, due to a leak in the roof the building has deteriorated further;
- That Roath Library serves one of the most deprived areas of Cardiff, with the four nearest Lower Super Output Areas being in the bottom quartile of the most deprived areas in Cardiff;
- That over 1,100 people have signed petitions calling on Cardiff Council to repair and reopen Roath Library;
- That the Cabinet is seeking to retain the delivery of library services from Roath Library through a Community Asset Transfer solution rather than fund the necessary repairs itself;

This Council further notes:

- That according to the Cabinet report of 16th July 2015, internal repairs and damage are covered by insurance;
- The availability of a significant amount of S106 money from developments in the Adamsdown ward;
- The resolution of Council on 26th February 2015 that ensured continued funding for branch libraries unless alternative delivery arrangements could be found;

This Council therefore:

- Reaffirms its position that branch library services continue to be funded until the end of the Council term unless, and/or until alternative delivery arrangements are operational.

Subject to agreement with Local Members, calls on the Cabinet to explore the use of S106 money as a basis for carrying out the necessary repairs to ensure that Roath Library re-opens as a vital community asset without further delay.

The following amendment was proposed by Councillor Cowan and seconded by Councillor McKerlich

After 'This Council therefore:

First bullet point first line insert the word '*all*' after that

First bullet point second line insert the word '*satisfactory*'

The amended Motion would read

This Council notes:

- That due to issues with the heating system, Roath Library has been temporarily closed since November 2014;
- That since then, due to a leak in the roof the building has deteriorated further;
- That Roath Library serves one of the most deprived areas of Cardiff, with the four nearest Lower Super Output Areas being in the bottom quartile of the most deprived areas in Cardiff;
- That over 1,100 people have signed petitions calling on Cardiff Council to repair and reopen Roath Library;
- That the Cabinet is seeking to retain the delivery of library services from Roath Library through a Community Asset Transfer solution rather than fund the necessary repairs itself;

This Council further notes:

- That according to the Cabinet report of 16th July 2015, internal repairs and damage are covered by insurance;
- The availability of a significant amount of S106 money from developments in the Adamsdown ward;
- The resolution of Council on 26th February 2015 that ensured continued funding for branch libraries unless alternative delivery arrangements could be found;

This Council therefore:

- Reaffirms its position that all branch library services continue to be funded until the end of the Council term unless, and/or until alternative satisfactory delivery arrangements are operational.
- Subject to agreement with Local Members, calls on the Cabinet to explore the use of S106 money as a basis for carrying out the necessary repairs to ensure that Roath Library re-opens as a vital community asset without further delay.

The following amendment was proposed by Councillor Weaver and seconded by Councillor Stubbs.

After 'This Council further notes:

The addition of the following words at the end of the first bullet point
'*subject to a £100, 000 excess;*'

After 'This Council therefore:

First bullet point deletion of the words '*are operational*' and
replace with '*that will allow branch libraries to be financially sustainable for the long-term are found.*'

Second bullet point deletion of the words '*basis for carrying out the necessary repairs to ensure that Roath Library re-opens as a vital community asset without further delay*' and replace with '*contribution to capital costs that may arise associated with a long-term sustainable solution for library services for the people of Adamsdown and Roath.*'

Inclusion of the following additional three bullet points:

- *Welcomes the action taken to provide temporary services in Adamsdown from September, and supports the Councils intention to find a financially sustainable long-term future for library services for the people of Adamsdown and Roath.*
- *Welcomes the constructive pre-decision scrutiny of the Economy and Culture Scrutiny Committee which considered the Cabinet Report on July 9th.*
- *Welcomes the contribution of campaigners and users of Roath Library to highlighting the importance of library services.*

The amended Motion would read:

This Council notes:

- That due to issues with the heating system, Roath Library has been temporarily closed since November 2014;
- That since then, due to a leak in the roof the building has deteriorated further;
- That Roath Library serves one of the most deprived areas of Cardiff, with the four nearest Lower Super Output Areas being in the bottom quartile of the most deprived areas in Cardiff;
- That over 1,100 people have signed petitions calling on Cardiff Council to repair and reopen Roath Library;
- That the Cabinet is seeking to retain the delivery of library services from Roath Library through a Community Asset Transfer solution rather than fund the necessary repairs itself;

This Council further notes:

- That according to the Cabinet report of 16th July 2015, internal repairs and damage are covered by insurance, subject to a £100, 000 excess;
- The availability of a significant amount of S106 money from developments in the Adamsdown ward;
- The resolution of Council on 26th February 2015 that ensured continued funding for branch libraries unless alternative delivery arrangements could be found;

This Council therefore:

- Reaffirms its position that branch library services continue to be funded until the end of the Council term unless, and/or until alternative delivery arrangements that will allow branch libraries to be financially sustainable for the long-term are found.
- Subject to agreement with Local Members, calls on the Cabinet to explore the use of S106 money as a contribution to capital costs that may arise associated with a long-term sustainable solution for library services for the people of Adamsdown and Roath.
- Welcomes the action taken to provide temporary services in Adamsdown from September, and supports the Councils intention to find a financially sustainable long-term future for library services for the people of Adamsdown and Roath.
- Welcomes the constructive pre-decision scrutiny of the Economy and Culture Scrutiny Committee which considered the Cabinet Report on July 9th.
- Welcomes the contribution of campaigners and users of Roath Library to highlighting the importance of library services.

Councillor Howells in proposing his Notice of Motion indicated that in accordance with Council Procedure Rule 22 (n) he was accepting with the consent of the meeting the a second amendment to the motion from Councillor Weaver, and if workable the first amendment as proposed by Councillor Cowan.

Following a short adjournment Councillor Howells confirmed to Council that he was accepting the second amendment only with the addition of the words that appear in italics

The amended motion as proposed would read as follows:

This Council notes:

- That due to issues with the heating system, Roath Library has been temporarily closed since November 2014;
- That since then, due to a leak in the roof the building has deteriorated further;
- That Roath Library serves one of the most deprived areas of Cardiff, with the four nearest Lower Super Output Areas being in the bottom quartile of the most deprived areas in Cardiff;
- That over 1,100 people have signed petitions calling on Cardiff Council to repair and reopen Roath Library;

- That the Cabinet is seeking to retain the delivery of library services from Roath Library through a Community Asset Transfer solution rather than fund the necessary repairs itself;

This Council further notes:

- That according to the Cabinet report of 16th July 2015, internal repairs and damage are covered by insurance, subject to a £100, 000 excess;
- The availability of a significant amount of S106 money from developments in the Adamsdown ward;
- The resolution of Council on 26th February 2015 that ensured continued funding for branch libraries unless alternative delivery arrangements could be found;

This Council therefore:

- Reaffirms its position that branch library services continue to be funded until the end of the Council term unless, and/or until alternative delivery arrangements that will allow branch libraries to be financially sustainable for the long-term are found.
- Subject to agreement with Local Members, calls on the Cabinet to explore the use of S106 money as a contribution to capital costs that may arise associated with a long-term sustainable solution for library services for the people of Adamsdown and Roath, *including at the site of the current Roath Library*.
- Welcomes the action taken to provide temporary services in Adamsdown from September, and supports the Councils intention to find a financially sustainable long-term future for library services for the people of Adamsdown and Roath.
- Welcomes the constructive pre-decision scrutiny of the Economy and Culture Scrutiny Committee which considered the Cabinet Report on July 9th.
- Welcomes the contribution of campaigners and users of Roath Library to highlighting the importance of library services.

In accordance with Council Procedure Rule 25 (ix) Councillor Goodway proposed that the question be out to the vote. This was seconded by Councillor Bradbury. The Motion without notice was CARRIED.

A vote was taken on the amended Motion as proposed by Councillor Howells.

The Motion as amended was CARRIED.

The amendment as proposed by Councillor Cowan was LOST.

59 : ORAL QUESTIONS

Question: *County Councillor Clark*

In early July 2015 it was announced the BBC would need to make huge budget savings. Following this announcement, have you received reassurance and written confirmation from the BBC that their scheme to build on the current Cardiff Bus Station site will continue to proceed in accordance with the original timetable for development starting in Autumn 2015?

Reply: *County Councillor Bale*

Meetings have taken place with representatives from the BBC in recent weeks and I have received assurances that work is progressing towards the BBC signing an Agreement to Lease for the new BBC Wales Headquarters building in early October as planned.

I understand the requirement to deliver savings in running costs forms a key part of BBC Wales' decision to move to a new building.

Supplementary question: *County Councillor Clark*

I am shocked that the Council plan to close the current bus station next week before final costings and planning permission have been determined for the new bus station. If the BBC plans are not delayed, as you've outlined, will you commit today that the anticipated Cabinet report with all the detailed costings for the new bus station be submitted in October 2015 before the BBC Agreement to Lease is signed?

Reply: *County Councillor Bale*

We will continue to work towards the development of a signed agreement with the BBC over the summer. Clearly, the priority at the moment was ensuring the transition to new arrangements – transport arrangements. It makes obvious sense to do that during the summer window when there is less disruption to passengers – people are on holiday from work – and that's what we're doing and obviously over that period we'll be doing essential site works on that site to make sure we're ready to construct that building – or the developer is ready to construct that building – once planning permission is received.

Supplementary question: *County Councillor Michael*

Earlier on, we touched upon the Standards and Ethics Committee doing a report on the public's perception of planning. I think we can actually include training for Councillors, because sometimes I'm left baffled by them. All applications are treated separately – you can't actually condition one to another like you're trying to do. The BBC application was a standalone application, the bus station will be a standalone building application.

Would the Leader agree that we need some training for Members?

Reply: *County Councillor Bale*

I am well aware that the Member is a strong champion and advocate for Planning training for all Members and I'm sure that's something we'd like to encourage in this chamber.

Question: *County Councillor McKerlich*

I was pleased to see your photo alongside the Cardiff City model on the front page of the July edition of the Cardiff Business Council Newsletter. Will you be supporting the

CBC presence at MIPIM in Olympia this year and will our stand be as large and as prominent as last year?

Reply: *County Councillor Bale*

Cardiff will be represented again at this year's MIPIM event at Olympia in October and I understand that the exhibition stand will be roughly the same size as last year.

Supplementary question: *County Councillor McKerlich*

I'm glad that we're going to be putting on a good show at in Olympia because this is a very successful show and a very important part of bringing new industry to Cardiff. But, of course, there are two MIPIM's – there is also the one in France – and we are not exhibiting this year. Do you share my concern that we are not doing so?

Reply: *County Councillor Bale*

I think whenever we look at different venues to exhibit the city and the wider region, we have to be mindful of the costs and the opportunities as well. So, we did go to Cannes last year and I think that that's something that was useful. We were able to meet some investors in the city and talk through opportunities and some of those big projects that are coming through the pipeline in Cardiff.

We can't be at every event and also I think there's a real point here about how we work with other city regions to makes sure that we market ourselves sometimes on an even bigger footprint than Cardiff and the Cardiff capital region. At MIPIM, it was very obvious that cities like Liverpool and Manchester are working much more closely on joint marketing of the combined offer of those city regions for international investors.

Question: *County Councillor McEvoy*

Does the Leader of the Council think that Cardiff Council suffers from any kind of institutionalised sexism?

Reply: *County Councillor Bale*

No, I don't think it does.

Supplementary question: *County Councillor McEvoy*

I wasn't going to ask a supplementary question because I expected some kind of reasoned answer, but that hasn't come.

What has happened on this Council over the last three years has been a flurry of complaints from female Councillors of several groups about the way that they are treated by Members of your group. Some of those complaints have come from your group. And, in my opinion, what we are talking about here is an issue of institutionalised sexism. Now you may be glib, you may want to dismiss it, but I'm telling you it's something that needs to be addressed.

Reply: *County Councillor Bale*

Clearly, if there are issues – and this is the first time you’ve raised this with me – then I am happy to meet with you to discuss through those over the next few weeks, certainly before the summer. I’ve got a meeting planned with you in the next week or so – I’m happy to pick that up with you as part of those discussions.

Question: *County Councillor Davis*

Can we have the figures for Council tenants entering arrears as a result of the Bedroom Tax?

Reply: *County Councillor Elsmore*

Since the introduction of this heinous tax by the previous UK coalition government, indeed, residents in Cardiff have been impacted by it.

Currently this affects 2713 social housing tenants, of which 1522 are council tenants. It’s not possible to say how many council tenants are in arrears solely due to the bedroom tax, as arrears accumulate for a number of reasons.

I can give you the figures for the overall Council tenant rent arrears. These have increased significantly by about 25% from £810,000 in March 2013 – so directly before the introduction of the bedroom tax – and it’s now risen to just over £1m this year.

Supplementary question: *County Councillor Davis*

We need to deal with these arrears with compassion, regardless of whether or not they are to do with the bedroom tax.

Can you update the chamber on how we support those who go into arrears?

Reply: *County Councillor Elsmore*

Absolutely. What I can say is that we’ve introduced the most robust support mechanisms. Indeed, every penny of our discretionary housing payment budget is spent on those who need our support. And I actually want to pay tribute – she’s not in the chamber – to the leadership of my predecessor in terms of this part of my portfolio, Councillor Thorne, who led this work on behalf of the administration.

Help comes in the following forms: Discretionary housing payments for those who are prepared to move or who have an overriding need for an additional bedroom. We spend over £1m on discretionary housing payment budget this year – just over £0.5m goes to support individuals impacted by the bedroom tax.

We have a rent-rescue budget. There’s a priority for rehousing to smaller accommodation, help to find an exchange through Home Swapper, funding for

removal costs and other expenses, for those who wish to stay in the property help with budgeting.

So, I think what I can say: we work very proactively with our tenants.

Supplementary question: *County Councillor McEvoy*

I'd like you to answer in front of the Council, the whole public, anybody watching: In your portfolio area, why was the offer of a payment made today to begin to clear areas, with a payment plan, which had been overseen by Fairwater Councillors helping our constituent, why did this Council reject a payment and go ahead with a needless eviction? I'd like an answer, please.

Reply: *County Councillor Elsmore*

As you well know, I cannot go into individual cases in this forum. It just is totally inappropriate. We're talking about individuals who will be at a time of great distress. This is not about you it leads me to think that actually you're raising the issue not to help the individual but more to raise your profile.

Question: *County Councillor Woodman*

Given that 14,300 PCNs have been issued between 16/12/14 (when bus lane enforcement commenced) and 31/5/15 at Newport Road/Fitzalan Place, are you concerned that some of these PCNs have been successfully challenged at Traffic Penalty Tribunals on the grounds that Cardiff Council had not put the correct signage on the road at the relevant point to show where the bus lane ended?

What is the council doing to make restitution to those who received and paid PCNs unfairly and will you issue a full and unreserved apology to them?

Reply: *County Councillor Patel*

If people feel that they have been penalised incorrectly or treated unfairly, then there is the option of appeal within the process.

This would be considered on an individual basis by an independent adjudicator, who will review each appeal and take a view as to whether the appeal should be upheld.

Supplementary question: *County Councillor Woodman*

Thank you for your reply, it is really disappointing because many people would have paid their fine and not thought they could appeal. But now, in view of the information I now have following tribunals, I intend to publicise it and I hope that many people do come forward because, clearly, they have been treated by this Council.

You should be ashamed and it's extremely disappointing that you're not offering up an apology.

We failed. We failed a large number of people – I know not the total 14,300, I'm pretty sure not – but, I have to say, I find your response pretty poor.

Reply: *County Councillor Patel*

I'm quite happy to take it, actually.

I think the actual supplementary was quite appalling myself, personally.

What I can say: your question is very clear. It says, for example, that Cardiff Council had not put the correct signage on the road. It's not a question of incorrect signage. In those appeal cases that had been appealed successfully at traffic penalty tribunal, the adjudicator felt the signage was insufficient on a particular approach road to the enforced area.

There is a set procedure, and that set procedure is very clear for anyone: if they wish, they can take it to appeal and, obviously, they can challenge it. If they don't wish to do that, that's up to an individual, I'm afraid, but everyone has that right and that's why that system has been put in place for that.

Question: *County Councillor Dianne Rees*

How many current Councillors were in arrears with their own Council Tax in 2013 and 2014, how many were issued with summonses and were those councillors allowed to take part and vote in the budget and council tax setting debates?

Reply: *County Councillor Hinchey*

Thank you, Councillor Rees, for the question, which has attracted quite a bit of media attention, as I'm sure we all know.

In 2013/14 financial year, at least one reminder and/or final notice was issued to 11 councillors, two of whom were subsequently served a summons.

In the 2014/15 financial year, at least one reminder and/or final notice was issued to 9 councillors, two of whom were subsequently served a summons.

From a governance point of view, the balance due on each of the summonses was paid in advance of the Council Tax setting meeting in each of those years. So, therefore, the Councillors concerned were able to vote.

Supplementary question: *County Councillor Dianne Rees*

Should Councillors who are in arrears with their Council Tax be expected to resign?

After all, we set the Council Tax for the rest of the citizens of Cardiff and we have a duty – a moral duty as well – to pay our fair share towards Council services. If those Councillors have not, should they not be named and expected to resign, if they fail to pay up on time? It's over 10% of the Councillors that we have in the Council.

Reply: *County Councillor Hinchey*

I must say, I don't know who those Councillors' names is except for one individual because I've just checked with my wife. And I don't want to know, either. It could be Members of your own party, it could be Members of our party, it could be Members of anybody in this chamber.

I think the message in the supplementary I'd like to give back to Councillor Rees is that, obviously, we treat Councillors in the same way we treat anybody else. You would expect that and I'm sure we would agree with that.

On the odd occasion, people do fall into difficulty and I'm sure every Member in this Council would be sympathetic in that case. Anybody could lose their job, anybody could be in a different circumstance within a day at this time of difficult- financial difficult times.

All I would say, really, is that there are means for people to come forward. If there is a message to give back to you, and I welcome the question, is that people should come forward at the earliest possible time if they have problem paying Council Tax and we will help them. We do on hundreds of occasions every day. But we need as Councillors to take that seriously, so whoever they are, you need to be mindful all of you that you are in the public eye, as we all are, and you need to pay your council tax. And if you don't pay your Council Tax, you don't get to vote next February.

Customers can pay by direct debit and they can pay up to four different dates in the year. Well, a bit of a publicity stunt here I know, but you can pay on the 1st, the 8th, the 15th, or the 22nd and we encourage people to pay direct debit.

Question: *County Councillor McEvoy*

Does the Leader of the Council think it appropriate for a Councillor to mock residents with legitimate concerns by referring to them as a "flat earth society"?

Reply: *County Councillor Bale*

I'm sure that every Member is acutely aware that they should be responsible for their own comments.

Supplementary question: *County Councillor McEvoy*

Do you think we may give the Councillor concerned the opportunity to apologise to the public for her comments?

Reply: *County Councillor Bale*

I'm not going to get dragged into individual comments. There's clearly a code of conduct for Members that governs comments. At the same time, we want a situation where Members are free to express their views as they see fit. So I think it's certainly a balance and it's very much down to individual Members to manage their own behaviour, their own language, and that's why I'm pleased to see the Standards and

Ethics Committee here today to look on us and to reflect the way that we conduct ourselves in public in discussions such as these.

Question: *County Councillor Stubbs*

Will the Cabinet Member make a statement on the number of homeless people in Cardiff?

Reply: *County Councillor Elsmore*

As of 21st July 2015, there were 563 homeless households in temporary accommodation in Cardiff. Officers are also working with a further 161 households to prevent homelessness.

In the 12 months to 1st July, the number of homeless households housed in temporary accommodation fell by 7%.

The Outreach Service is engaging with the 35 rough sleepers in the city to provide help for them to move positively through the homeless system into stable and safe accommodation.

Supplementary question: *County Councillor Stubbs*

Changes to benefits, particularly the introduction of Universal Credit in October, could well – will – place additional stress on individuals.

Homelessness can be caused by many means and individual circumstances always have to be taken into account, but what I'd like now is some reassurance that we won't see steps taken in this city like we've seen in some cities across the country in newspapers and TV of anti-homelessness measures. And by that, I am talking about spikes or additional [mimes an arm rest] put on benches.

Can you commit that we will continue to work in a constructive way and not use these measures?

Reply: *County Councillor Elsmore*

What I wanted to say in terms of our homelessness services, in terms of my statement was that Cardiff, across the partnerships, with our partners and ourselves, we have been recognised as a leading homelessness authority.

I absolutely strongly agree with you – we are not as a Council going to create a deliberately hostile environment for people sleeping rough. This adds to physical and psychological pressures on them already experiencing severe hardship. It's also my intention to discuss with the chair of planning and my planning Cabinet colleague in terms of our design standards and guidance and whether we can ensure that we can put caveats into that.

Supplementary question: *County Councillor McEvoy*

I totally agree. Cardiff is a leading homelessness authority. Today, you made two more people homeless in the city. Well done.

The question – and it's a policy question, since you clearly didn't want to answer the previous one: in terms of policy, when somebody in court facing eviction from this Council offers a payment, will you make it a policy that that payment is accepted in order to suspend eviction, so that people do not get evicted needlessly as happened today?

Reply: *County Councillor Elsmore*

Absolutely, we leave no stones unturned in supporting individuals who are faced with homelessness. What we do is seek to engage with them. You will know because it was part of my earlier answer that I cannot respond to the individual case and these circumstances pertaining to them, but I am more than happy to discuss them with you separately.

Question: *County Councillor Howells*

What is the Council doing to address the accessibility issues that musicians face when they are booked to play live music at licensed premises in Cardiff City Centre?

Reply: *County Councillor Bradbury*

There should be ample provision for loading – I suspect you're going to tell me there isn't – and unloading in the city centre. Where specific access is needed, in particular to venues within the pedestrianised areas, the venue will usually contact the City Centre Management team, which will facilitate access into pedestrian areas when it is safe to do so.

Likewise on major event days, musicians are assisted with entry into road closures in order to gain access to premises when it is safe to do so.

Supplementary question: *County Councillor Howells*

I actually wasn't expecting you to answer it – I expected Councillor Patel to answer this.

I've been contacted by a number of musicians who have had parking tickets when they've been unloading their vehicles when they've been booked to play gigs at places like Café Jazz, the Yard, and O'Neill's. And, unless some common sense prevails, then these musicians aren't going to be taking these gigs and we risk the prospect of the city centre being turned into a musical desert.

So, can I ask that you look into some sort of voucher scheme or other schemes so that vehicles that are being unloaded – and it's quite substantial some of the equipment that some of these bands have – so that these vehicles can be unloaded

and perhaps a period of grace be given enough time for the musicians to unload their vehicles without being fined?

Reply: *County Councillor Bradbury*

On the basic traffic issues, my colleague has heard what you've said and I will attempt to work with him to find some sort of common ground. Absolutely, we do not want Cardiff city centre to not be the vibrant music city that it is. I've got friends who are live artists who love playing in the city centre. It would be an awful shame if, because of- the right thing to do with pedestrianizing the city centre is the right thing to do was hindering the creative music industry in Cardiff. So, yes, I will look at that with you.

If there's specific cases that we need to look at, I'm happy to and City Centre Management have already been made aware by myself that I want this to be a music-friendly place.

Supplementary question: *County Councillor Mitchell*

I rise to support Councillor Howells' suggestion. Being a musician playing in four bands and, yes, I've had tickets while I've been unloading.

As a musician of 30 years standing in Cardiff, loading and unloading outside the venues is really difficult. Perhaps a suggestion would be to issue the venues with loading passes so that the musicians can put them in the window so that they know that they're loading for a specific venue and the warden would know that they're not there for a long time, give them half an hour's grace or so.

Reply: *County Councillor Bradbury*

That's something you'll need to discuss with Councillor Patel because we're treading on his area.

I'm glad you've paid your tickets, though, because Councillor Rees would be calling for your resignation if you hadn't so it's vitally important we support we'll chat about that offline with Councillor Patel because we're straying into his area.

Question: *County Councillor Cowan*

What was the cost of sending crews back to collect missed collections over the past year, and what is the total number of black bins being replaced with 140 litre bins and what is the total cost of their replacement?

Reply: *County Councillor Derbyshire*

You won't be surprised to know we don't hold information relating to the specific cost of sending crews back for missed collections. But I need to point out that the collection rounds have been rebalanced recently in order to increase the efficiency and capacity of the operations and to ensure that services are delivered right first time.

Although, given the amount of rounds that we do, the percentage of collections completed as scheduled is extremely high – not far short of 100%, well over 99%, from the data that C2C collected.

In terms of your second part of your question, 94,000 bins scheduled for replacement, which will cost £1.1m. Putting in context, that's to get to the 58% recycling target – and, just to remind Councillors, we've hit 53% last year, which exceeded our target but if we did that next time, this time around, we'd fail by 5% to hit our target. Five times £400,000 would be the cost. £2m. So that's the difference

So all this detail was available in the budget papers and was set out in the report to Cabinet.

Supplementary question: *County Councillor Cowan*

I'd obviously thought about your potential answer to me before today, but I have to say I'm flabbergasted, I have to say it's no wonder we're facing such financial hardship that we do not have the cost implications.

So, if you don't collect a bin in Rhiwbina on Friday, you have to send a crew back on a Sunday with potential overtime rates. You're honestly telling me you cannot tell me how much over the scope of a year that you have spent the council taxpayer's money collecting bins that should have been collected at the time.

I find it deeply unacceptable, completely.

Can I have your assurance that this data will be collected so that this time next year when I'm asking you the question, you will be able to furnish me with an answer? Because this is just completely unacceptable.

Reply: *County Councillor Derbyshire*

It may be unacceptable to you, but that's because you're not in my position. I've got to think of the costs involved, Officer time. What I'm saying to you that the percentage of collections – I'll read it out to you – completed as scheduled is 99.99%, right? Which means .01% are not collected on time. Nobody is going to do any better than that, are they? You can't expect anybody to get 100%, so what is the point – what on earth is the point – of getting out the cost of it? We've got to do it anyway. If a resident says their bin's not been emptied and it hasn't been emptied, we've got to go back. It doesn't matter what the cost is – it's our responsibility.

Supplementary question: *County Councillor McEvoy*

Will a report be brought forward in September detailing the cost of collecting unwanted bins? Will bags be provided to those people? And can people also return unwanted black bins?

Reply: *County Councillor Derbyshire*

People can return unwanted black bins and then it's up to them what they do with their waste.

Question: *County Councillor Holden*

What is the policy regarding clearing weeds in back lanes?

Reply: *County Councillor Derbyshire*

The rear lanes throughout the city are treated for weed growth once a year.

Supplementary question: *County Councillor Holden*

Obviously that once-a-year spraying, I think we've obviously cut that back. There is a substantial amount of weeds now in the back lanes in Gabalfa. I've had some of them cleared and I wanted your thoughts on whether or not it's permissible to allow the wild flowers that are growing there to continue to then remove those pernicious weeds? And, in that case, I've organised and am organising work parties myself to go and do it to save the Council money. Would you encourage other Members to do the same in their back lanes in their back wards?

Reply: *County Councillor Derbyshire*

Yes, in a fair world with lots of money from central government, I'm sure we'd be clearing weeds on a regular basis once a week or whatever. But you've made the point.

Last year, we stopped doing it altogether in the back lanes but we realised that that was unsustainable given the amount of growth throughout the summer so we have started spraying again but just the once in order to minimise the problem.

I would totally agree with you – if residents are happy to go out and do it themselves then I would encourage it.

Supplementary question: *County Councillor Dianne Rees*

In my ward there's been lots of complaints about the late weed spraying this year on roads and pavements – not just in the back lanes – resulting in blocked drains. Can the schedule of annual weed spraying be published online so at least residents will know when they can expect it to be done and follow up with C2C if it doesn't arrive on time before the weeds have set seed because it's a major problem?

Reply: *County Councillor Derbyshire*

I'd have to check with Officers on that because, obviously, one of the issues would be in terms of time if they state that they need to roll out the schedules. I mean on the main thoroughfares it's twice a year – not once a year – once towards the beginning, once towards the end.

But I'll check with Officers and if it's feasible to do that, I will do.

Question: *County Councillor Dianne Rees*

Will the Leader make a statement on the number of people living in food poverty in Cardiff?

Reply: *County Councillor Bale*

In the last financial year, there was a sadly 24% increase in the use of Cardiff Foodbank, with 10,708 people helped, of which 3,200 were actually children. According to the Cardiff Foodbank charity, more than 80,000 people in Cardiff live below the poverty line and 18,000 of those are indeed children.

Question: *County Councillor Dianne Rees*

A couple of months ago, I launched a project with Jeff Smith and Gareth Jones which we entitled *#cardiffgives*. We put out a tweet and encourage local restaurants to help us in our efforts to feed people who are suffering food poverty whether they're homeless or not.

Fortunately, the wonderful Arbennig restaurant which is based in Riverside, and Greggs the bakers came forward. Greggs have offered to give food on a daily basis from two of their stores and Arbennig are feeding once a month.

Would you congratulate these two outlets and would you also not just give your seal of approval but encourage other Cardiff restaurants to come forward to take part in this project?

Reply: *County Councillor Bale*

Yes, indeed. I am aware of the Cardiff Gives campaign and it's clearly encouraging that organisations like Arbennig, I understand, and Greggs as well has also indicated its support for the work.

I've met with some of those individuals involved, including yourself, and I was very impressed with the work that's been done and I would certainly encourage other restaurants and other organisations that are able to help address some of these issues around food poverty, particularly for the homeless, as much as they can as well.

Question: *County Councillor Boyle*

In his corporate plan, one of Cllr Bale's main targets was to "enhance citizen engagement and widen opportunities for people and communities to shape services around their needs." When the Council fails to meet this ambition, how does it rectify matters?

Reply: *County Councillor De'Ath*

The Council is fully committed to delivering our Corporate Plan and has significantly increased the level of engagement with the public over the last 12 months to enable them to give their views on the difficult challenges facing us to make at this time. I do not believe that we will fail to deliver on that ambition.

Supplementary question: *County Councillor Boyle*

I beg to differ. If you look at the answer to two of my written questions today in relation to the imposition of new bins in the Waterloo area of Penylan, you'll see that not one person in that small section of streets was asked specifically what they wanted despite its unique conditions, including being part of a grade four conservation area.

By contrast, Penylan's Lib Dem Councillors surveyed the whole area in three short evenings, 80% of whom were opposed to the bins.

So tell me honestly, which represents enhanced citizen engagement - to use the ugly phrase in your corporate plan - your zero responses or our several hundred responses? Which represents enhanced citizen engagement? Will you seek, therefore, a review of the imposition of bins in the Waterloo area of Penylan following an appropriate consultation. Because, if not, your corporate plan commitment is simply corporate bland guff.

Reply: *County Councillor De'Ath*

I recognise there's a range of opinion across the city on these new waste changes. But these are changes that have been consulted upon. Bob's outlined the methods earlier on; he's gone through it at the last full Council meeting; I'm sure he'd be happy to discuss it with you going forward.

Supplementary question: *County Councillor Dianne Rees*

A vital part of addressing this is: can we enhance Councillor engagement with citizens? Councillors who are persistently away from the chamber, not engaging in any way with committees, meetings, services, or with citizens. This is a persistent absence and should be addressed. How does it rectify matters, please?

Reply: *County Councillor De'Ath*

I would encourage all group whips to impress upon their Members the importance of coming to these meetings and doing their best to take part in their democratic duties.

Question: *County Councillor McKerlich*

The closure of the bus station is set for August this year; can you confirm that the building of the new BBC headquarters will begin very shortly after that closure?

Reply: *County Councillor Bale*

Following the closure of the bus station on Saturday 1st August, hoardings will be erected around the site to ensure that it is secure. This will enable the commencement of preliminary works and service diversions on site.

This will include, for example, the relocation of power and telecommunications cabling, fire hydrant water supplies, telematics, and street lighting. Obsolete equipment such as the old bus shelters and their contents will also be removed at this time.

It is anticipated that building works on the new BBC Wales Headquarters will then begin at the beginning of August, subject to an Agreement to Lease being signed by the BBC earlier that month.

Supplementary question: *County Councillor McKerlich*

Can I just have some clarification of that, Councillor Bale? I thought you said earlier that building work would start at the end of October.

Now, the basis of my question was that I assumed that the closure of the bus station would be contingent upon the need to start building the new BBC. So, if the BBC, isn't to start being built until the end of October and the bus station is closing at the beginning of August, I'm assuming that there's been some slippage. If this is the case, could you give us some explanation as to why the slippage has occurred?

Reply: *County Councillor Bale*

Just to be clear, for the avoidance of doubt, that the intention is that it is for the construction of the BBC building to take place towards the end of the October and the issues around August are essentially that that's the best time of year for us to engage in this work. There are people, as I said earlier today in today's debate, who will be on holiday – it's a good time in terms of managing that transition. And we also have, of course, big events in terms of the Rugby World Cup later this year, which mean that it's important for us to manage that transition.

I would like to emphasise, as has been done earlier, that there are two separate developments taking place here. The BBC development is obviously taking place now and is working through the planning process. We've got an engagement event – a big public engagement event – around the detailed design of the bus transport interchange taking place throughout July. There is a clear timetable, now, through to a Cabinet report in October, as well, and that will help inform the decision-making process later this year as well.

Supplementary question: *County Councillor Ben Thomas*

With the impending closure of the bus station, Cardiff Bus over the last few months has highlighted the changes and where to actually pick up their bus services as the bus service will now actually be closed. You can go on to the website where all Cardiff Bus services are available.

Can the Leader explain to me for those coming into the city and not specifically using Cardiff Bus – they may be using Stagecoach or other areas – how can they actually get that information straight away at the bus terminal or at least at the train station?

Reply: *County Councillor Bale*

We're well aware of the importance of communication. Obviously there is a great deal of information that will be going out to the public to build on the information that already has gone out on social media – the Council's Twitter account has taken a big role here in signposting people towards Traveline Cymru and other websites that are being updated on some of that information.

For residents in the city, there's the Capital Times that's going out this month that will have information on the changes as well. But it's important that we do continue to use other channels to communicate to people who, as you, say come in from outside of the city. We will have people on site so when people arrive, certainly at the earlier stages of the transition, that they're able to get face-to-face contact and ask for support and we'll make sure that that site is also fully signposted in terms of movement to some of those temporary bus stands over the next couple of years that it'll have to be in place.

We are used to some of these changes. As you'll be aware, Councillor Thomas, we do host a number of big events in the city – we have done over a number of years – and I think that experience will put us in good stead in terms of some of these transitional arrangements that will have to be put in place.

Question: *County Councillor Carter*

What is the Council doing to encourage healthy eating in schools?

Reply: *County Councillor Merry*

All daily menus are compliant with the *Healthy Eating in Schools (Wales) Measure 2009*. In addition, menu tasters, theme days, and promotions encourage pupils to try new foods. Catering staff also attend ongoing catering skills and nutrition training to improve the nutritional content of meals.

We also have the School Nutrition Action Groups which involve school pupils. And there is a well established Cardiff Network of Healthy Schools Scheme. This provides training, support, and guidance on nutrition, including cooking in the class training for teachers. And schools are encouraged to develop a Food and Fitness Policy in line with best practice examples.

At the start of the day, a Primary School Free Breakfast is served in 90 primary schools. And other media provided by the Welsh Government are also issued to schools illustrating the foods and drinks that are allowed to be served.

Supplementary question: County Councillor Carter

The answer was far more comprehensive than I expected, so thank you very much for that.

I accept that across the city – up and down the city – we have a lot of schools doing a lot around the healthy-eating agenda. We know that, across the city, school lunch boxes are being scrutinised and sugary drinks and unhealthy foods are being stopped at the gate.

But my concerns are specifically around Cardiff catering. I don't doubt the legality of what the school does and what the Council does – and thank you for your clarification there – but looking for example at the menu for July alone, I see that fish fingers were served four times and sugary puddings were served 11 out of 15 times.

Will you at least agree to look at the issue of the menu again? As I said, I don't doubt the legality, but certainly the spirit of the measure was for healthy foods and trying to do the very best we can to improve children's long-term wellbeing, so would you at least agree to look at this issue again?

Reply: County Councillor Merry

I think all Councillors should eat healthily but instructing them is beyond my powers in Education.

Question: County Councillor Dianne Rees

How many children were removed from Cardiff school registers in the 2013-14, 2014-15 school years and what action is taken by the Authority to discover and prevent:

1. Children being taught in unregistered schools;
2. Girls being taken out of the country for FGM (female genital mutilation) or enforced marriage;
3. Boys from being radicalised at home or abroad?

Reply: County Councillor Merry

1037 pupils of school age were removed from school registers in 2014-15. This compares with 1610 pupils in 2013-14, but this is likely to increase over the summer. When a child is withdrawn from a Cardiff school without notice or the school being advised of a new school, Officers follow the Children Missing Education procedures and procedures to determine the child's whereabouts.

The Council is working with partners as part of a multi-agency approach in response to issues of radicalisation, forced marriage, and FGM within schools and local communities. The Prevent Strategy deals with the radicalisation of all children, male or female, and the process is well established in Cardiff through effective partnership arrangements.

There is no legal framework for the Council to monitor provision of home education nor an automatic right of entry to these centres to check the standard of education the child or young person is receiving or that safeguarding standards are met. There are also no registration requirements for those parents electing to home educate their children.

Supplementary question: *County Councillor Dianne Rees*

Will you reassure this Council that those 1037 children who are missing this year from Cardiff registers and the 1610 have had a good outcome, that they are being properly taught? Can you reassure us that there has been no abuse of those children? Do you know where they are? Do you know what their education consists of? And do you know what programmes they're involved in? And, also, can you check whether or not those children – do you know how many of those children have been subjected to FGM or forced marriages?

Reply: *County Councillor Merry*

I've been assured that all the procedures have been followed but, as we know, procedures don't necessarily give us all the answers. All I can say at the moment is that they will do their best to find out where the child has gone. In any of those cases, there will have been poor notice given by the parents to the relevant school.

I have got a more substantive I've given the chamber that I will send to you.

Obviously, they are extremely serious issues and they're actually wider safeguarding issues, I would say, that not only apply across the Council departments but actually every Member in this chamber needs to be aware of.

Supplementary question: *County Councillor Sanders*

Can you confirm that before a child is removed from a school register that that school has in fact received information of where the child has been moved to: either registered in a different school in the UK or knows the overseas destination?

This would avoid children becoming lost in the system. And this was an issue that was picked up at the recent human trafficking enquiry.

Reply: *County Councillor Merry*

What I will say is: I will get back to Officers and talk to them again on this issue.

Question: *County Councillor Clark*

Following a Cardiff Council media briefing, the South Wales Echo reported, on 8 July 2015, that "Fines of up to £100 could be dished out to residents who do not comply to new recycling rules set out by Cardiff Council". On 23 October 2014 you listed out the different pieces of legislation this Council uses to deal with inappropriate fly-tipping, littering, dropping and presentation for collection of waste in Cardiff. What additional

legislation or processes does the Council anticipate using following the 8 July 2015 reference to £100 fines?

Also, how many additional waste education and enforcement staff will the Council employ from 1 September 2015 to deal with the repercussions of the waste changes?

Reply: *County Councillor Derbyshire*

Two parts to your question. In terms of the first one: we don't plan to use any additional legislation. Fines up to £100 can be issued under Section 46, as you're aware as we've been doing it in your part of the world, of the *Environmental Protection Act 1990* for incorrect domestic waste presentation by those households that can be identified. This provision has been used by officers for a number of years.

In terms of the second part of your question: we will undertake more enforcement of households that present their waste and recycling at the wrong times. An additional 14 waste officers are currently being recruited to support the waste collection changes transition period from July to December. Half of those are already in post to support the changes that are currently underway.

Supplementary question: *County Councillor Clark*

Thank you very much for your answer and your visit to Cathays today.

My ward, Cathays, has huge problems with rubbish. For example, in one streets, rats were rife as one house had 50 black bags left out in the back garden for months on end.

From your answer, I still remain concerned that there will remain no real new procedures or there's still not quite enough Education or Enforcement staff to deal with even our current problems.

Do you agree with me that, if the Labour Council's plans to proceed with the plans to reduce the size of wheelie bins on a compulsory basis and leave bags uncollected in the street, it could result in our inner-city areas being much messier and cost much more to clean and could risk being a disaster?

Reply: *County Councillor Derbyshire*

"No, I don't agree" is the short answer to that.

I think the fact that we are recruiting 14 extra Officers shows our intent around this. There will be a huge education process taking place – a lot of it in your part of the world, as you know.

And, just to give you an example of how things have been changing under the section 46 fines: in the last year of your administration, 2011/12, there were 14 issued; so far this year – *so far* this year – 99 fines have been issued.

Supplementary question: County Councillor Dianne Rees

Could you tell me how many successful prosecutions there have been in the last three years for fly tipping, littering, and incorrect waste presentation for collection? And, what methods do you have to ensure that, with what you are proposing, you will be able to successfully enforce the actions you propose

Reply: County Councillor Derbyshire

I'm always amazed that Councillors come up with questions of the hoof and expect me to know the answers off the top of my head.

I've just made the point that, in terms of the fines for incorrect waste presentation, 99 so far this year. I can tell you last year there were 97 and the year before there were 60. Obviously, I can't give the other information but if you care to write in I can give you those answers.

60 : URGENT BUSINESS

There was no urgent business to report.

61 : APPOINTMENT OF LOCAL AUTHORITY SCHOOL GOVERNORS

The Council was recommended to approve the appointment of the uncontested Local Authority School Governors as listed in the Appendix to the report. It was proposed that the appointments to Cantonian High School, Cathays High School and Albany Road Primary School be deferred and considered by the Local Authority Governors Panel which will oversee the appointments process.

RESOLVED - That

- (1) the appointments to Cantonian High School, Cathays High School and Albany Road Primary School be deferred for consideration by the Local Authority Governors Panel.
- (2) the following appointments of School Governors be approved: -

School	Ward	Start of Vacancy	Appointment Approved
The Glyn Derw Michaelston Federation	Ely/Caerau	15/04/2015	Ms Zenny Saunders
Albany Primary School	Plasnewydd	02/07/2015	Councillor De'Ath
Fairwater Primary School	Fairwater	18/06/2015	Mr Rob Larkins
Glyncoed Primary School	Pentwyn	18/07/2015	Mrs Ceri Veysey
Holy Family RC Primary School	Fairwater	25/03/2015	Mrs Carol Cobert
Kitchener Primary School	Riverside	08/09/2014	Mr Gareth Thomas

School	Ward	Start of Vacancy	Appointment Approved
Lansdowne Primary School	Canton	16/09/2014	Mrs Sacha Davies
Mountstuart Primary School	Butetown	17/07/2014	Miss Ruth Williams
Radnor Primary School	Canton	05/02/2015	Mrs Sheila Ansell
Trelai Primary School	Caerau	02/10/2012	Miss Andrea May
Tredegarville CW Primary School	Adamsdown	09/07/2015	Ms Natalie Atherton-Doyle
Windsor Clive Primary School –	Ely	03/06/2014	Mrs Sarah Rose
Ysgol Pwll Coch	Canton	08/07/2015	Mr Gareth Rees-Thomas
Ysgol Y Berllan Deg	Pentwyn	17/12/2014	Mr Jeremy North
Ysgol Y Wern	Llanishen	27/01/2015	Mr Nicholas Brown
Woodlands High School	Caerau	19/7/2015	Mrs Sarah Selleck
Allensbank Primary School	Gabalfa	20/07/2015	Councillor Holden
Bryn Hafod Primary School	Llanrumney	16/09/2015	Councillor Derrick Morgan
Glyncoed Primary School	Pentwyn	22/09/2015	Mr Gary Mitchell
Llanedeyrn Primary School	Pentwyn	16/09/2015	Councillor Carter
Marlborough Primary School	Penylan	22/09/2015 22/09/2015 22/09/2015	Councillor Kelloway Mrs Freda Salway Councillor Burfoot
Stacey Primary School	Adamsdown	16/09/2015 22/09/2015	Councillor Howells Ms Belver Adamson

62 : POLITICAL BALANCE AND COMMITTEE MEMBERSHIP MATTERS

The Council was notified of a change in the political balance in accordance with Section 15 of the Local Government and Housing Act 1989, and the Local Government (Committees and Political Groups) Regulations 1990 as amended in 1991. Notification was received from the Plaid Cymru Group on 25 June 2015 that Councillor Holden had joined the Group with effect from 25 June 2015. This effected a change in the composition of the Plaid Cymru Group.

On 30 June 2015 a By Election was held in the Pentyrch Ward and Councillor Gavin Hill-John was elected as a Conservative Group member.

The Council was advised of the changes to the allocation of the seats on committees as agreed at the Annual Council on 21 May 2015 following the change in Composition of the Council in line with the relevant provisions of the Local Government and Housing Act 1989 (Section 15) and Local Government (Committees and Political Groups) Regulations 1990.

The Council having determined the allocation of political groups on a Committee, must in accordance with Section 16 of the Local Government and Housing Act 1989 give effect to the wishes of the party groups with regard to the identities of the persons who are nominated by that Group to take up existing vacancies on Committees.

Under the rules on political balance, the Council may adopt an alternative arrangement to strict political proportionality for the allocation of seats on Committees and distribute seats on a different basis provided that notice of such proposal is given in the Council Summons, and the alternative arrangement is approved by Council, without any Member voting against the arrangement (referred to as a '*nem con*' vote). Notice of this had been given on the Council Summons to effect the alternative arrangement for the distribution of seats on Committees as detailed in Appendix A.

RESOLVED – That

- (1) the details of the political balance of the Council as set out in Table 1 of the report be noted;
- (2) the alternative arrangements' for the allocation of seats on each Committee as set out in Appendix A and agreed by Party Group Whips on 13 July 2015 be approved;
- (3) the Committee Membership as detailed in Appendix B to the report be noted;
- (4) effect be given to the nominations to vacancies and changes received from party groups to the Committee Membership as follows:

<u>Committee</u>	<u>Nominations</u>
Democratic Services Committee	Councillor Robson
Environmental Scrutiny	Councillor Gordon Councillor Hill-John
Policy Review & Performance Scrutiny	Councillor White

Changes to Current Membership

<u>Committee</u>	<u>Nomination</u>	<u>To replace</u>
Constitution Committee	Councillor Dianne Rees	Councillor Cowan
Community & Adult Services Scrutiny	Councillor Hudson	Councillor Graham Thomas
<u>Committee</u>	<u>Nomination</u>	<u>To replace</u>
Policy Review & Performance Scrutiny	Councillor McKerlich	Councillor Cowan

Committee		
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- (5) the nomination to the vacancy for Chair of Environmental Scrutiny Committee be deferred to the next meeting of Council.

63 : URGENT DECISION TAKEN IN RESPECT OF (I) CANTONIAN HIGH SCHOOL AND (II) UEFA CHAMPIONS LEAGUE FINAL 2017

The Council received for information the following urgent officer decisions taken in accordance with the Council's Scrutiny Procedure Rule 13(a) in respect of (i) Cantonian High School; and (ii) UEFA Champions League Finals 2017

RESOLVED – That the urgent officer decisions taken in accordance with the Council's Scrutiny Procedure Rule 13(a) in respect of (i) Cantonian High School; and (ii) UEFA Champions League Finals 2017 be noted.

(The Meeting finished at 21.05pm)

64 : WRITTEN QUESTIONS

COMMUNITY DEVELOPMENT, CO-OPERATIVES AND SOCIAL ENTERPRISE
(COUNCILLOR PETER BRADBURY)

WRITTEN QUESTION FROM COUNTY COUNCILLOR BRIDGES

Some local authorities in the UK have introduced a condition for library membership whereby library patrons have to consent to allowing their data to be passed to third parties. Please can you confirm that this is not the case in Cardiff, and that you will categorically rule out introducing such a condition?

Reply

I can confirm that library membership data is used solely for internal purposes by the Council – i.e. for consultation and information regarding council services. Whilst there may well be a commercial value to this information, we do not consider it in the best interests of our members to pass this information on to third parties.

CORPORATE SERVICES AND PERFORMANCE (COUNCILLOR GRAHAM HINCHEY)

WRITTEN QUESTION FROM COUNTY COUNCILLOR BOYLE

In light of the imminent restrictions on use of the County Hall car park and considering the need to encourage more people to leave their cars at home, will you agree to register the Council for Cyclescheme? This allows employees to get bikes and accessories tax-free, saving on average about half the cost. It's completely free to join, and easy to administer online.

Reply

The Council has previously had cycle salary sacrifice schemes in place for employees. Both schemes were provided and financed by external companies. The most recent scheme was provided by Cyclescheme Ltd. and finance for the scheme was provided by a third party. The contract for this scheme came to an end in March 2012 and the Council has not had a scheme in place since that time.

As part of the work being undertaken to implement a new parking scheme at County Hall, the feasibility of a new contract is being explored and it is hoped that, in due course, this will be available again to employees.

Additional cycle parking has been installed on site to support the growing number of cyclists at County Hall and both pool cycles and cycle training are available for employees and Members who wish to use bikes whilst undertaking their duties.

WRITTEN QUESTION FROM COUNTY COUNCILLOR BRIDGES

Has any further thought been given to introducing e-payslips for council staff where possible?

Reply

Yes – when this matter was raised by you in a previous Written Question back in January 2014, you were advised that, at that time, a viable business case could not be made in view of the considerable upfront implementation and on-going support costs required by our Technology Partner.

However, I can confirm that further options are actively being investigated and it is anticipated that a viable solution can be developed and the phased introduction of E-Payslips could commence during the latter part of this financial year. There will be consultation on implementation with the Trade Unions and Members will also be kept informed.

In the meantime, we have successfully transferred approximately 3,000 staff from 4 weekly to monthly payment, thereby reducing postage and stationery costs and have also reviewed our distribution methods in order to reduce the number of payslips sent by post.

WRITTEN QUESTION FROM COUNTY COUNCILLOR McEVOY

What is the total annual cost of each position on the Council more senior than assistant director, including salary and other contributions made by the Council? Please specify the individual amounts and also the total cost.

Reply

Based on the new Tier 1 Senior Management Team structure that was agreed in February 2015, the following salaries apply (figures include on costs of pension and National Insurance employer contributions):

POSITION	SALARY COSTS
----------	--------------

	(£) (INCL. ON COSTS)
CHIEF EXECUTIVE	230,000
CORPORATE DIRECTOR RESOURCES	175,000
DIRECTOR CITY OPERATIONS	162,000
DIRECTOR COMMUNITIES, HOUSING & CUSTOMER SERVICES	162,000
DIRECTOR ECONOMIC DEVELOPMENT	162,000
DIRECTOR EDUCATION & LIFELONG LEARNING	162,000
DIRECTOR SOCIAL SERVICES	162,000
DIRECTOR GOVERNANCE & LEGAL SERVICES	162,000
TOTAL	1,377,000

EARLY YEARS, CHILDREN AND FAMILIES (COUNCILLOR SUE LENT)

WRITTEN QUESTION FROM COUNTY COUNCILLOR McEVOY

How many people are on the list from which chairs of child protection conferences are chosen?

Reply

There are 13 officers within the Council's Safeguarding Unit who have responsibility for chairing child protection conferences.

EDUCATION (COUNCILLOR SARAH MERRY)

WRITTEN QUESTION FROM COUNTY COUNCILLOR McEVOY

How many staff work in the youth service now in comparison to on 01-05-2012 and how many have been lost since 2015 budget day?

Reply

According to the Council's establishment in May 2012, there were 126.95 FTE employed in the Youth Service. 31.46 FTE were released on voluntary severance at the end of March 2015 following approval of the 2015/16 budget by the Council on 26 February 2015.

As of May 2015, there were 55.63 FTE employed in the Youth Service.

To put this in context, you will be aware that the Council has had to make over £85 million in savings during the last three years, as well as savings of £41 million in 2015/16. As a result, the Council and partners is developing a new model for Youth Services as part of a wider youth offer for young people in Cardiff. The proposed model will be delivered less directly by the Council and will involve the local authority and community and youth organisations working together to provide services, including more targeted support and funding being provided through 15 Youth Innovation Grants to support an open access youth provision.

ENVIRONMENT (COUNCILLOR BOB DERBYSHIRE)

WRITTEN QUESTION FROM COUNTY COUNCILLOR BOYLE

How many residents in Penylan were consulted about the specific changes they would face to their own individual waste collection method (as opposed to being consulted about the general principles of the waste strategy)?

Reply

Let's be clear, we are dealing with waste collection changes affecting 152,000 households across the whole city, not just changes in Penylan. It would be unrealistic to gauge every single opinion from every resident of Cardiff.

We live in the real world and take consultation seriously, but it needs a sensible approach. That is why we undertook three separate city wide consultation exercises in the lead up to these changes.

The changes are based on the most cost effective and efficient changes to the waste collections. Yes, we have to make difficult decisions, but they are the right decisions for the city, not just for an unhappy few.

WRITTEN QUESTION FROM COUNTY COUNCILLOR BOYLE

It took Penylan's Lib Dem councillors just three evenings to survey the network of streets that currently use bags, in order to gauge the level of opposition or support to the new bins. Why did the administration not consider carrying out its own survey of those streets in the city where the imposition of bins was certain to be controversial?

Reply

As I made clear in answer to your previous written question, we are making changes to over 152,000 households on a city wide basis. We need to provide the most cost effective and efficient service for the city. We can't afford to provide every household with an individually tailored service.

These are changes that should have been addressed back in 2010, but the previous Lib Dem-Plaid Cymru administration failed to deliver what was needed for our city. Sometimes, you need to make difficult decisions to protect the greater good and the current Labour administration is not afraid to take those decisions.

WRITTEN QUESTION FROM COUNTY COUNCILLOR BOYLE

One section of road in the Roath Mill Gardens Conservation Area will, sensibly, be allowed to continue using bags. Another section of the very same road, together with other roads in the Conservation Area, will have to use bins. Is this logical or consistent?

Reply

The new service is based on the most cost effective round sizes for each waste stream and the number of properties that a vehicle can service in each shift.

We have accommodated properties with no frontages and also had discussions with our conservation officer. Where properties within conservation areas have sufficient frontage space and/or access to the rear of the properties, then bins have been implemented.

Where a particular road has two different schemes, this is because of operational efficiencies, rather than as a result of it being part of a conservation area.

WRITTEN QUESTION FROM COUNTY COUNCILLOR HOLDEN

How many times have refuse collections been missed in my ward of Gabalfa? Please show breakdown in number per street per year?

Reply

We do not hold the information on a street-by-street basis, but each month the number of missed collections ranges from two to five households. This is very low considering the number of households in your ward and the fact that we carry out six different collections per fortnight to every household.

WRITTEN QUESTION FROM COUNTY COUNCILLOR HOLDEN

Has the number of missed refuse collections gone up or down over last ten years? Please give details for every year there is data for?

Reply

Forgive me if I don't list 10 years' worth of missed collections data per month in my written answer. However, I can confirm that the number of queries from missed collections has been fairly constant at just over 1,000 per month for the last few years. This level has been constant since before changes were implemented in 2011, when the collection days were rebalanced and changed from 5 to 6 collections per fortnight for each household.

The percentage of collections completed as scheduled is extremely high at 99.99% based on data collected by C2C (just over 300 missed collection queries and 450,000 collections per week).

WRITTEN QUESTION FROM COUNTY COUNCILLOR HOLDEN

Please give details of visitor numbers for Wedal Road recycling plant over last ten years? If possible, express in terms of numbers per month and summarise how many are unique users.

Reply

We do not hold this level of detail. However, a recent survey undertaken from 4th to 19th April 2015 identified that the site user numbers at the Wedal Road Household Waste Recycling Centre (HWRC) ranged from 1,454 to 1,960 per week. This can range from 202 to 289 users per day. To put this in context, a snapshot survey of usage on 1st May 2014 recorded 425 users of the Wedal Road HWRC.

WRITTEN QUESTION FROM COUNTY COUNCILLOR HOLDEN

How many times have the park gates on Roath lake been forgotten to be closed at night in last ten years?

Reply

I am not aware of any occasions when the locking of the gates to Roath Park has been forgotten. The gates are not locked on Christmas Eve, Christmas Day, Boxing Day and New Year's Eve.

WRITTEN QUESTION FROM COUNTY COUNCILLOR HOLDEN

How many reports have we had over last five years either to pest control or c2c with regards to rats in Gabalfa ward? Express in terms of number per month and breakdown to street by street if possible.

Reply

All requests for service for rodents that are received by the Council's Pest Control team are given priority and are dealt with on a city wide basis. The related data is not broken down by ward so I am unable to provide you with the level of detail which you have requested. However, I am advised that Gabalfa is not one of the areas for which we receive a high number of calls.

The figures relating to requests to deal with rats in Cardiff for the last five years are listed below:

2010/11	2011/12	2012/13	2013/14	2014/15
1305	1022	1118	942	1312

It should be noted that Cardiff residents are not obliged to use the Council's pest control service to deal with rodents and can treat the problem themselves or use an alternative provider. Therefore, the figures provided above do not necessarily provide an indication of the extent of a rodent problem within the city.

LEADER – ECONOMIC DEVELOPMENT & PARTNERSHIPS (COUNCILLOR PHIL BALE)

WRITTEN QUESTION FROM COUNTY COUNCILLOR CHAUNDY

Residents of Llanedeyrn were delighted to hear one of their councillor's bids under the Neighbourhood Renewal programme was successful in regard to a play area in the Llanedeyrn area. However, since the announcement of the successful bid in October 2013, no more has been discussed about this project with ward councillors

and residents are keen for matters to be progressed. Could the Cabinet member advise when a meeting to progress this project will be held please so that local residents can be informed?

Reply

I can confirm that the play area at Coed y Gores, Llanedeyrn is included in the 2014-2017 Neighbourhood Renewal Schemes programme. The notification letter you received in October 2013 outlined that this project was programmed for 2016/17.

Subject to confirmation of funding for neighbourhood renewal schemes in the 2016/17 capital programme, officers will be in touch with local councillors at the start of the next financial year to discuss the project idea in more detail.

WRITTEN QUESTION FROM COUNTY COUNCILLOR BRIDGES

Last month's meeting saw the embarrassing spectacle where a member of the public asked, quite appropriately, a public question to a Cabinet Member, who refused to give them a proper answer. Were you ashamed by your Cabinet Member's conduct?

If the Public Questions agenda now comes with conditions attached, will you make clear what those conditions are, so that members of the public considering submitting questions in the future don't have to waste their time traipsing to City Hall only to be ignored by your Cabinet?

Reply

Not at all. This is not the first time that a public questioner, who also happened to be an election candidate, has used the provision for Public Questions to further his or her electoral campaign in the Council Chamber and on the public webcast. However, concerns were raised by Cabinet colleagues about whether this provision should apply when the meeting of Council occurs so close to polling day.

The rules governing Public Questions are set out in the Council Meeting Procedure Rules within the Constitution and this is published on the Council's website. They are also communicated to public questioners by Democratic Services staff in advance of the meeting. Nevertheless, this is a matter which could certainly be reviewed by the Constitution Committee in order to help clarify expectations on both sides about how Public Questions should work best in terms of promoting public engagement with council business.

Chair _____

Date: _____

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COUNCIL:

24 SEPTEMBER 2015

REPORT OF THE CHIEF EXECUTIVE

NOTICE OF VACANCY

Reason for this Report

1. To report to Council the vacancy in the Office of Councillor in the Electoral Division of Riverside.

Issues

2. The Council received a letter from Cecilia Love advising of her resignation from the Office of Councillor with effect from 21 August 2015.
3. The required notice of vacancy for the Electoral Division of Riverside was published on 26 August 2015.
4. An election to fill the vacancy must be held in accordance with the provisions of the Local Government Act 1972 within 35 days following the receipt of written notice from two local government electors for the area, on a date fixed by the Returning Officer. A notice requesting an election was received on 26 August 2015.
5. The election to fill the vacancy will take place on Wednesday 7 October 2015.

Legal Implications

6. As noted in the body of the report the election must be conducted in accordance with the requirements of the Local Government Act 1972 (and all other relevant electoral law). Detailed legal advice will be available to those officers making arrangements for the election.

Financial Implications

7. Any costs arising from the election will need to be found from within the existing budgetary resources of the Council.

RECOMMENDATION

It is recommended that the Council notes the Vacancy in the Office of Councillor for the Electoral Division of Riverside.

Paul Orders

Chief Executive

17 September 2015

Background Papers

Published Notice of Vacancy in Office of Councillor



COUNCIL:

24 SEPTEMBER 2015

REPORT OF THE CORPORATE DIRECTOR RESOURCES

STATEMENT OF ACCOUNTS 2014/15 AND ANNUAL COMPLIANCE REPORTS

Appendix 8, Annex B & C are not for publication as they contain exempt information of the description in paragraph 14 and 21 of schedule 12A of the Local Government Act 1972

Reason for this Report

1. The Statement of Accounts for 2014/15 is presented in order to meet the requirement of the Accounts and Audit (Wales) Regulations 2014. This provides that the Statement of Accounts be approved by a relevant committee or by the Council meeting as a corporate body, such approval to take place before the 30 September immediately following the end of the financial year.
2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance, on the key matters arising from the audit examination of the Statement of Accounts for the year ending 31 March 2015.
3. In accordance with the Council's Treasury Management Policy Statement, the Annual Treasury Management Report for 2014/15 is presented based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

Background

4. The Statement of Accounts in Appendix 1 presents the accounts for the City of Cardiff Council for the financial year 2014/15. Regulations require that the Responsible Finance Officer sign the accounts by 30 June, and that the audited accounts are approved by Council by 30 September. Following production of the accounts which were presented to the Audit Committee in June, the audit has been undertaken by the Wales Audit Office (WAO). In addition the accounts have been made available for public inspection as required by section 30 of the Public Audit (Wales) Act 2004 and Regulation 22 of the Accounts and Audit (Wales) Regulations 2014.
5. The Audit Committee met on the 16 September 2015 where the "Audit of Financial Statements Report" for both the main financial statements and the Cardiff and Vale Pension Fund were presented by Wales Audit Office and the Statement of Accounts discussed. Overall, there was a positive feedback from the Audit Committee on the production of the accounts and no significant issues were raised.

6. Some of the main points evident in the 2014/15 Statement of Accounts are:
 - The Council Fund Balance has increased by £1.741 million to £13.154 million as at 31 March 2015. This is 2.25% of the net expenditure budget of the Council.
 - Total earmarked reserves stand at £34.1 million, although within this figure are Schools balances, Housing Revenue Account (HRA) reserves and the Council's share of Joint Committee reserves, which are not accessible for spending by the Council generally. The level of earmarked reserves increased by 9% in 2013/14 from £31.2 million in 2013/14. Schools balances as at 31 March 2015 are (£613,000).
 - The HRA balance of £8.438 million is available for spending on HRA issues only.
 - The Cardiff & Vale of Glamorgan Pension fund is valued at £1.680 billion as at 31 March 2015. This is an increase of £188 million in the year and follows an increase of £144m the year before.
7. Attached at Appendix 3 is the auditor's report "Audit of Financial Statements Report", which is presented to Council in order to fulfil the requirement of the International Standard on Auditing (ISA) 260 and in discharge of the External Auditor's duty.
8. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with the final Letter of Representation, which is included within Appendix 4.
9. There are currently no non-trivial misstatements identified in the financial statements, which remain uncorrected. Corrected misstatements are summarised in Appendix 3 to the Audit of Financial Statements Report. While these amendments have been made, further amendments could still be carried out up to the signing of the accounts at Council on the 24 September 2015.
10. The WAO report also highlights a number qualitative findings, which they have stated as follows:
 - Overall the information provided was, in the most part, relevant, reliable, comparable and easy to understand. The conclusion was reached that estimates were appropriate and financial statement disclosures unbiased, fair and clear. It was requested that some additional information be added to the accounting policies to reflect the current practices being applied by the Council. It was also identified that the Council needs to review its processes for identifying and capitalising relevant Council dwelling expenditure.
 - No significant difficulties were identified during the audit. However, as anticipated, the audit process has taken longer than in previous years with a contributory factor being due to a number of experienced staff leaving the Council and with officers taking on new roles at a crucial time in the audit process.,
 - No significant matters were discussed and corresponded upon with management which need to be reported.
 - No other matters significant to the oversight of the financial reporting process need to be reported.
 - No material weaknesses in internal control were identified that have not been reported already.

- No other matters specifically required by auditing standards are to be communicated to those charged with governance.
11. The report 'Audit of Financial Statements' in respect of the Cardiff and Vale Pension Fund is attached at Appendix 5. The audit identified no uncorrected misstatements in the accounts of the Cardiff and Vale of Glamorgan Pension Fund. The amendments that have been made to the accounts are highlighted in Appendix 3 to the Audit of Financial Statements Report, none of which affected the net outturn position.
 12. The Council's external auditor is also required to audit the annual return of the Cardiff Port Health Authority (CPHA) and the report 'Audit of the Financial Statements' in respect of the CPHA is attached at Appendix 6.
 13. The Council's external auditor is also required to audit the annual accounts of the Cardiff Harbour Authority and the report 'Audit of the Financial Statements' in respect of the Cardiff Harbour Authority is attached at Appendix 7.
 14. The Treasury Management Annual Report is attached at Appendix 8. It sets out the economic background within which treasury activities were conducted, the position on investments and borrowing at 31 March 2015, it indicates compliance with indicators set in the budget report for the year and sets out key issues that are being monitored closely in 2015/16 that could impact on treasury activities. The Annual report has been reviewed by Audit Committee in accordance with their terms of reference and they were content with the evidence provided in the report to support compliance with the Treasury Management Principles.

The Council continued to adopt a pragmatic approach to its treasury management activities in accordance with the strategy approved at Council in February 2013. The overall position on investments and external borrowing are:

- At the 31 March 2015, investments stood at £54.9 million and were deemed to be fully recoverable. The overall level of interest receivable from treasury investments totalled £0.5 million.
- The organisations with whom the Council invest with continue to be monitored closely by the Council together with its Treasury Advisors. This is in accordance with the criteria set out in the Council's Investment Strategies for 2014/15 and 2015/16, with diversification sought where possible. An update on the 2015/16 Mid Year Treasury Management position will be provided to Council in a further report.
- At the 31 March 2015, the Council had £470.5 million of external borrowing in order to pay for historical capital expenditure, with a further £25 million being internal borrowing. The former is predominantly made up of fixed interest rate borrowing from the Public Works Loan Board payable on maturity. The average rate on the Council's borrowing is 5.19% at the 31 March 2015 and total interest paid on the external debt, which includes the Housing Revenue Account, was £24.7 million.

Legal Implications

15. The Report is reported to Council to meet statutory, regulatory and codified requirements to do so.
16. All local authority accounts are required to be made up to 31 March. The accounts must be prepared in accordance with any regulations relating to the keeping of accounts pursuant to the Public Audit (Wales) Act 2004, section 39(1), as well as all other applicable statutory provisions. The regulations currently in force are the Accounts and Audit (Wales) Regulations 2014 (“the Regulations”). The Regulations confer specific duties upon 'the responsible financial officer', defined in regulation 2(2) of the Regulations as the person who, by virtue of the Local Government Act 1972, section 151, is responsible for the administration of the financial affairs of the Council, or if no person is so responsible, the person who is responsible for keeping the accounts of the Council.
17. Regulation 8 of the Regulations imposes a duty to prepare a statement of accounts and stipulates the its content. Regulation 9 provides that the statement of accounts must be accompanied by specified remuneration details relating to Council employees, in particular its senior employees.
18. Regulation 10 requires the Section 151 Officer to sign off and certify the statement of accounts by no later than 30th June following the year end. Thereafter, the audited statement of accounts must be re-certified by the Section 151 Officer and approved by full Council (or a relevant committee) as soon as reasonably practicable, and in any event no later than the 30 September immediately following the end of the financial year. Once approved (by Council or a Committee), the statement of accounts must be signed and dated by the Chair of the meeting.
19. Following approval of the statement of accounts by full Council (or the relevant Committee), and no later than 30th September, the Council must publish the statement of accounts on its website, together with any certificate, opinion or report issued, given or made by the auditor under sections 23(2) and 33 of the Public Audit (Wales) Act 2004 before the date of publication (or, if publication takes place prior to the conclusion of the audit and no such opinion has been given, together with a declaration and explanation of the fact that at the date of publication the auditor has given no opinion). The Council must also keep copies available for purchase by any person on payment of a reasonable sum (Regulation 10 of the 2014 Regulations).
20. As soon as reasonably possible after the conclusion of the audit, the Council must give notice by advertisement and on the Council website, stating that the audit has been concluded and that the statement of accounts is available for inspection (and the place and time at which they can be inspected), along with other prescribed information.
21. The approval of the Authority's Statement of Accounts is not a matter for the Cabinet. The Council has not delegated it powers to approve the Statement of Accounts and thus the matter needs to be considered by the Council.

Financial Implications

22. This report is presented to Council in discharge of its duty to approve the Council's audited accounts on or before 30 September of the year relating to the end of the accounting period.
23. The Council's financial standing as set out in the Financial Statements, the Appendices and this report will be considered as part of the budget report for 2016/17.

RECOMMENDATIONS

Council is requested to:

1. Note that the audited Statement of Accounts for the year ended 31 March 2015 (Appendix 1) have been duly certified and re-certified by the Section 151 Officer.
2. Approve the audited Statement of Accounts for the ended 31 March 2015 (Appendix 1), and request the Chair of Council to sign and date the same on behalf of the Council
3. Instruct the Section 151 Officer to arrange for publication of the Statement of Accounts and all associated requirements.
4. Note the reports of the Wales Audit Office on the Statement of Accounts of Cardiff Council, Cardiff and Vale of Glamorgan Pension Fund, Cardiff Port Health Authority and Cardiff Harbour Authority for the year ending 31 March 2015 (Appendices 3, 5, 6 and 7).
5. Note the final Letter of Representation for Cardiff Council (Appendix 4).
6. Note the Treasury Management Annual Report for 2014/15 (Appendix 8).
7. Note that the following documents will be formally signed at the conclusion of the meeting:
 - Statement of Accounts for Cardiff Council including the Cardiff and Vale of Glamorgan Pension Fund – Lord Mayor and Corporate Director Resources
 - Annual Governance Statement (within the accounts) – Leader of the Council and Chief Executive
 - Annual Return of Cardiff Port Health Authority – Corporate Director Resources
 - Statement of Accounts for Cardiff Harbour Authority – Corporate Director Resources
 - Letters of Representation for Cardiff Council, Cardiff Port Health Authority – Leader of the Council and Corporate Director Resources
 - Letter of Representation for Cardiff and Vale of Glamorgan Pension Fund – Leader of the Council and Corporate Director Resources
 - Audit Certificate for Cardiff Council and Cardiff Port Health Authority – Appointed Auditor, Wales Audit Office. To be signed at a later date.

CHRISTINE SALTER
Corporate Director Resources

The following appendices are attached:

Appendix 1 – Statement of Accounts 2014/15

Appendix 2 – Summary Statement of Accounts 2014/15

Appendix 3 – Audit of Financial Statements for Cardiff Council including the draft Letter of Representation

Appendix 4 – Final Letter of Representation for Cardiff Council

Appendix 5 – Audit of Financial Statements for Cardiff and Vale of Glamorgan Pension Fund including the agreed Letter of Representation

Appendix 6 - Audit of Financial Statements for Cardiff Port Health Authority including the agreed Letter of Representation

Appendix 7 – Audit of Financial Statements for Cardiff Harbour Authority including the agreed Letter of Representation – to follow

Appendix 8 – Treasury Management Annual Report 2014/15

Contents

1.0 Preface	
1.1 Foreword	5
1.2 Guide to the Financial Statements	16
2.0 Statements to the Accounts	
2.1 Statement of Responsibilities for the Financial Statements and Corporate Director Resources Certificate	18
2.2 Auditor's Report	19
3.0 Core Financial Statements and Explanatory Notes	
3.1 Accounting Policies, critical judgements and assumptions	21
3.2 Movement in Reserves Statement for the year ended 31 March 2015	39
3.3 Comprehensive Income and Expenditure Statement for the year ended 31 March 2015	40
3.4 Balance Sheet as at 31 March 2015	42
3.5 Cash Flow Statement	44
3.6 Notes to the Core Financial Statements	45
4.0 Supplementary Financial Statements and Explanatory Notes	
4.1 Housing Revenue Account	116
4.2 Cardiff and Vale of Glamorgan Pension Fund Accounts	121
4.3 Group Accounts	142
4.4 Trust Funds	164
5.0 Other Statements	
5.1 The Annual Governance Statement	166
5.2 Glossary of Local Government Accountancy Terms	188
6.0 Port Health Authority and Cardiff Harbour Authority Accounts	
6.1 Port Health Authority	191
6.2 Cardiff Harbour Authority	198

STATEMENT OF ACCOUNTS

2014/15

OF

THE COUNTY COUNCIL OF THE

CITY AND COUNTY OF CARDIFF

Foreword

1.1 Foreword

Introduction

This document presents the Statement of Accounts for The County Council of the City and County of Cardiff. These are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The Financial Statements

The Council's financial statements covered by the Statement of Responsibilities and the Auditor's Report are set out on pages 21 to 163 and comprise:

- Accounting policies, critical judgements and assumptions
- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Core Financial Statements
- Housing Revenue Account (HRA)
- Cardiff & Vale of Glamorgan Pension Fund Accounts
- Group Accounts

The Council is Lead Authority for three Joint Committees: the Glamorgan Archives, Prosiect Gwyrdd, and the Welsh Purchasing Consortium. The Council is also a member of the Central South Consortium Joint Education Service which was created on 1 September 2012, for which Rhondda Cynon Taf County Borough Council is the host Authority. The Council's share of the transactions and balances of these Joint Committees are incorporated in these financial statements. Separate financial statements for each of the Joint Committees are also available.

An explanation of the statements, their purpose and relationship between them as well as the main accounting policies adopted and critical judgements made in compiling the financial statements are provided in sections that follow this Foreword.

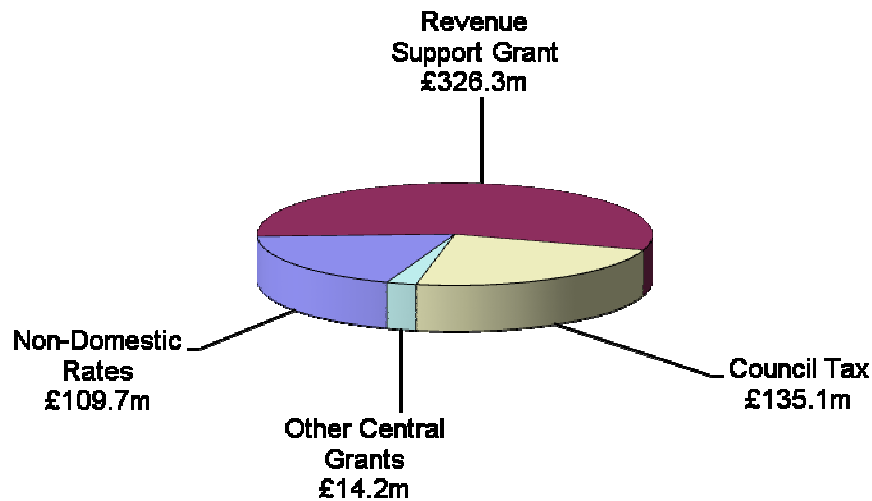
Review of the financial year 2014/15

During 2014/15, the Authority faced reduced Welsh Government funding and increasing financial pressures, which presented a challenge for Directorates. The following paragraphs give a summary of the main aspects of the revenue outturn and funding; capital expenditure and financing; treasury management; significant movements affecting the balance sheet including earmarked reserves and provisions; and the pension fund accounts.

Revenue Funding and Revenue Expenditure Outturn

The Council, at its meeting on 28 February 2014, set a cash limit budget of £585.038 million for 2014/15. In addition a budget of £250,000 was set for discretionary rate relief which is outside the Budget Requirement. The chart that follows displays the revenue expenditure budget funding sources, including the proportion of collected Council Tax that contributes towards the Council's expenditure.

Foreword



Directorate Outturn 2014/15

Directorate	Net Expenditure Budget £000	Net Expenditure Outturn £000	Variance (Under)/Over £000
Children's Services	46,081	48,393	2,312
Communities, Housing & Customer Services	43,104	42,247	(857)
Corporate Management	26,596	26,454	(142)
County Clerk & Monitoring Officer	3,872	3,854	(18)
Economic Development	614	609	(5)
Education & Lifelong Learning	229,784	230,792	1,008
Environment	26,587	26,480	(107)
Health & Social Care	95,132	100,500	5,368
Resources	18,540	17,948	(592)
Sports, Leisure & Culture	15,321	16,008	687
Strategic Planning, Highways and Traffic & Transport	26,892	26,888	(4)
Capital Financing etc.	35,960	35,722	(238)
General Contingency	4,000	-	(4,000)
Summary Revenue Account	12,555	7,419	(5,136)
Discretionary Rate Relief	250	233	(17)
Total as per Outturn report	585,288	583,547	(1,741)

The final revenue outturn position indicates that the Council has maintained its spending within its overall net budget of £585.3 million in 2014/15 with an overall underspend of £1.74 million, after contributions to and from reserves.

As per the 2015/16 budget report that was approved by Council in February, of the £1.74 million underspend that has been taken to the Council Fund Balance, £595,000 has been approved to be drawn down in 2015/16 to fund the budget.

Foreword

The final revenue outturn position shows a surplus of £1.741 million after contributions to and from reserves, as compared to the balanced position reported at month nine. The change includes a significant improvement to the directorate positions with overspends against these budgets reducing by £1.147 million compared to previous projections. This reflects a number of factors including the impact of the measures implemented by the Chief Executive as set out in the Month 9 Monitoring Report. Further savings were also identified as a result of a higher surplus on Council Tax and an increase in non-domestic rate (NDR) refunds on Council properties.

During the year the Council's monitoring process identified financial pressures in a number of Directorates, notably Health & Social Care, Children's Services, Education & Lifelong Learning and Sport, Leisure & Culture. This reflected a range of factors including increased demographic pressures, shortfalls in income and the failure to fully achieve the savings targets set as part of the 2014/15 budget. This is reflected in the outturn position forming part of an overall overspend of £7.650 million on directorate budgets. Apart from Children's Services all these areas reported a reduced overspend compared to the projections at month 9. Additional pressures were identified in Children's Services during the final quarter including additional placements and costs for looked after children, which resulted in a significant increase in overspend in this area. The overspend on directorate budgets was offset by the £4 million contingency sum, together with savings in other areas including Council Tax collection, NDR refunds on Council properties, capital financing and additional income arising from successful performance against the 2013/14 Outcome Agreement Grant.

The Council Fund Balance brought forward at 1 April 2015 was **£11.413 million**. The balance at 31 March 2015 has increased by £1.741 million to **£13.154 million**.

The Housing Revenue Account (HRA) shows a surplus for the year of **£314,000**. The surplus achieved included underspends on employee costs, supplies and services, capital financing costs and housing subsidy payable. Income was also above target, mainly due to lower than anticipated void levels. These were offset by additional spends on premises costs, which includes the Housing Repairs Account. This total sum has been transferred to the HRA Revenue Balance and is available for spending on HRA issues only.

The Housing Revenue Account balance increased to **£8.438 million** after taking into account the £314,000 surplus in 2014/15.

In England during 2011/12, those councils who owned and operated their own housing stock, moved to a system of self financing, whereby any net income paid to or received from Central Government was converted to a one off adjustment of borrowing. A similar process has been undertaken in Wales and the Council signed a voluntary agreement with Welsh Government in 2014/15. The loan debt contract will be recognised in 2015/16 with an increase in debt of the Council's Housing Revenue Account of **£187 million** as well as the implementation of an overall limit to borrowing for housing purposes.

Revenue Outturn:

	Budget	Outturn	Variance
	£000	£000	£000
<i>Financing:</i>			
Revenue Support Grant (RSG)	(326,291)	(326,291)	0
Non-domestic Rates (NDR)	(109,695)	(109,695)	0
Council Tax	(135,120)	(138,052)	(2,932)
Other central grants	(14,182)	(15,005)	(823)
Total Funding	(585,288)	(589,043)	(3,755)

Foreword

	Budget	Outturn	Variance
	£000	£000	£000
<i>Net Expenditure</i>			
Net budgeted expenditure	585,288		(585,288)
Net deficit on services on Comprehensive Income & Expenditure Statement		6,923	6,923
Adjust deficit figure for:			
Items shown separately as financing (above)		589,043	589,043
Adjustments between accounting and funding bases under regulations for the Council Fund Balance and HRA (as per Movement in Reserves Statement)		(11,797)	(11,797)
Transfers (to)/from Earmarked Reserves (as per note 2)		2,819	2,819
Remove surplus on HRA		314	314
Total Expenditure	585,288	587,302	2,014
Net (surplus)/deficit for year transferred to Council Fund Balance			(1,741)

Foreword

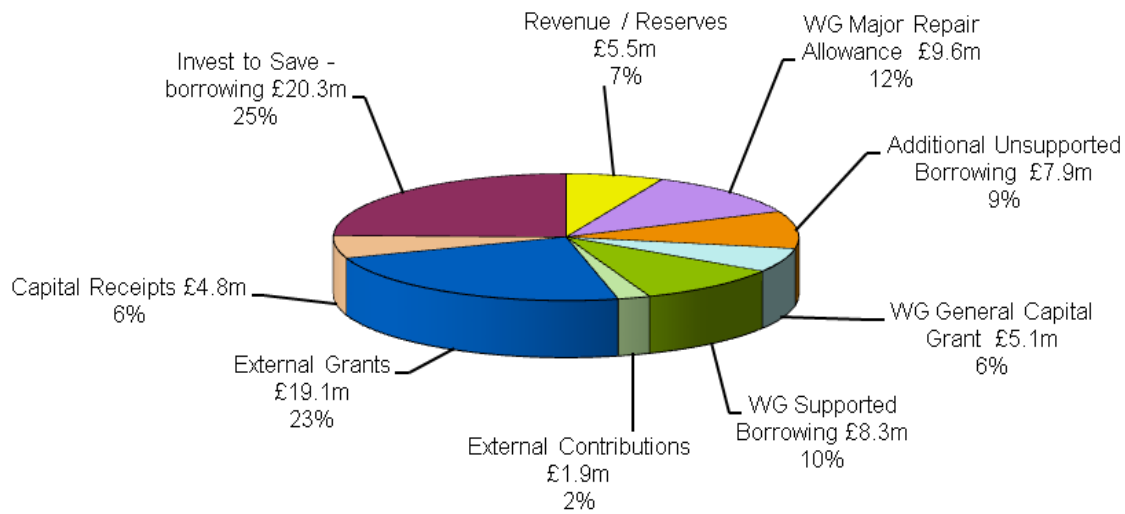
Capital Programme

Capital expenditure represents money spent on improving, acquiring and enhancing assets that are used in the provision of services as well as a number of items determined by legislation. Capital expenditure during the year totalled £82.5 million, with the main items of expenditure described in the following table.

Schemes	Detail	£m
Housing & Neighbourhood Regeneration/Citizen Hubs	Public housing investment in kitchen and bathrooms, central heating, boiler replacement, estate regeneration, as well as energy efficiency schemes including Photovoltaic panels and over-cladding. Preparatory work across sites in the city as part of the Housing Partnership Programme. Disabled adaptations grants, allowing people to live independently in their homes, renewal area and other environmental improvements including a comprehensive regeneration scheme for Clare Road/Penarth Road District Shopping Centre. The development of citizen hubs at various locations around the city including Grangetown, The City Centre and on the site of the former Splott Pool.	27.2
Education & Lifelong Learning	Includes completion of a new school at St Teilo's as well as associated renovations and refurbishment of Llanishen High School and the establishment of Ysgol Bro Edern within the former premises of St Teilo's High School. Continued investment as part of the School Organisation Plan and 21st Century Schools Programme over a number of sites, including a new Pontprennau Primary School attached to the existing community centre and further investment in Ysgol Melin Gruffydd to accommodate the need for Welsh medium provision	24.8
Highways & Transportation	Road resurfacing, footpath and public realm improvements, road safety improvements, drainage, street lighting, public transport and telematics improvements. Implementation of the cycling strategy, Moving Traffic Offences, investment in safe routes in communities, as well as other pedestrian and junction improvements.	15.9
Economic Development	A voucher scheme to implement superfast broadband, WIFI on buses, Internet Exchange scheme and installation of WIFI in public buildings. Cardiff Enterprise Zone development including deposit paid for the purchase of Wood Street NCP car park, bus capacity enabling works and public realm design to create a new capital city gateway.	6.0
Culture, Leisure, Parks & Tourism	Completion of the High Ropes activity located at Cardiff International White Water. Play equipment replacement, improvements at Bute Park and other open space improvements.	2.9
Organisational Development & Property Rationalisation	Investment in replacing computer hardware and other ICT infrastructure to develop existing and new systems which will increase the number of digital services offered to citizens. Expenditure to maximise the use of existing office space in order to reduce costs of property estate or realise capital receipts from buildings.	1.6
Other	Including improvements to Thornhill Crematorium site, the Intermediate Care Fund grant to promote independent living. Financial support for small businesses from the Capital Cardiff Fund and waste management infrastructure.	4.1

The Council pays for its capital expenditure from a number of sources including borrowing money. Borrowing must ultimately be repaid from the existing and future income of the Council. The following chart shows how the capital monies spent during the year were paid for:-

Funding of Capital Expenditure



The Council is undertaking a number of projects which are both complex in their accounting requirements and also in the financial risks they represent. Such projects invariably involve a great deal of uncertainty, consultation and often involve significant time and work before they can be implemented. Such ongoing schemes include investment in the 21st Century Schools programme, economic regeneration, creation of citizen hubs, Housing Partnership projects and investment in organisational development activities. Such commitments will require the Council to continue to significantly increase its need to borrow, impacting on future affordability. Some of this is on a basis that schemes will pay for themselves through income generation, savings or capital receipts and accordingly represent a significant financial risk to the Council. The risks within these invest to save schemes will be monitored and action taken if required reducing this risk which at present is deemed acceptable. However, overall, further action is required to accelerate a reduction in the Council's asset base within a limited timeframe. Unless assurance of progress in this regard can be demonstrated the affordability of the existing Capital Programme will need to be reviewed. Within this financial climate of reducing revenue resources all action necessary must be taken to reduce both initial capital expenditure and the subsequent need to borrow.

Capital Receipts

The sale of surplus assets and other income treated as capital receipts generated usable capital receipts of £6.1 million. Whilst proceeds from assets sales such as land are required to minimise the level of borrowing and reduce property operating costs in future years the property market remains challenging and unpredictable. During the year land with a value of £1.1 million was internally transferred from the Council Fund to the Housing Revenue Account to support the Housing Partnership project proposals to increase the supply of affordable housing in the city.

Movements in Property, Plant Equipment and Other Non-Current Assets

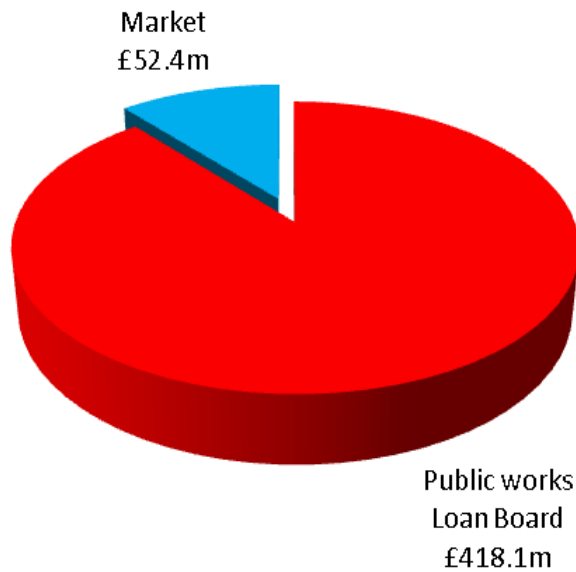
Assets deemed surplus to requirements and investment properties were re-valued during 2014/15 as part of a rolling programme of revaluation. Valuations of such assets involve a number of assumptions, however, movements in such asset valuations have no impact on the council tax or rent as they are required to be neutralised from capital reserves. In line with current guidance the value of infrastructure assets are required to be shown at historic cost. CIPFA considers that current value is a more appropriate measurement base with planned implementation in 2016/17. During 2014/15, CIPFA clarified their approach regarding Voluntary Aided (VA), Voluntary Controlled (VC) and Foundation Schools. This resulted in each school being required to be treated as a separate entity. This required a review of the ownership and operating arrangements of schools' land and buildings to determine whether or not such assets should be recognised on the Council's balance sheet. Further details of the assets recognised and derecognised from the Council's balance sheet can be found in note 20 of the accounts.

Foreword

Treasury Management and Financial Instruments

The Council can borrow money to manage its daily cash flows and to pay for capital expenditure. The Council has loans of £470.5 million of fixed interest loans at the end of the year. Of this, £418.1 million is owed to the Public Works Loan Board (PWLB) and £52.4 million is owed to other bodies, primarily financial institutions. During the year external loans totalling £7.8 million were repaid and £5 million of new loans were raised. The Council continues to use some of its temporary cash balances to pay for capital expenditure. Total interest payable on borrowing was £24.7 million during 2014/15, of which £4.8 million was paid for by the Housing Revenue Account. The average rate on the Council's borrowing stood at 5.19% at the 31 March 2015 and the maturity profile of significant loans is shown in the chart in note 21 of the core financial statements.

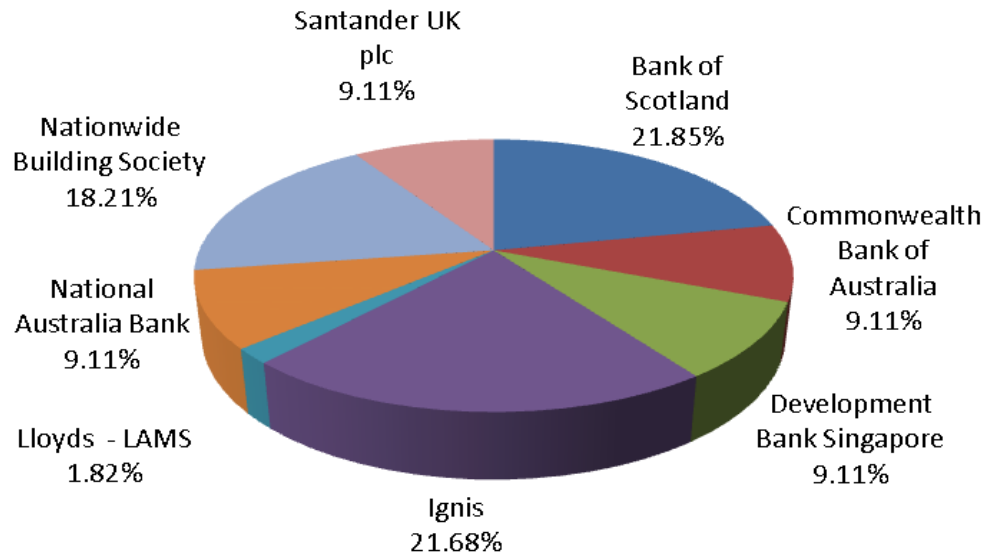
Amounts of fixed rate debt



Investments of £54.9 million at 31 March 2015 are represented primarily by temporary cash balances, which are deposited for various maturities with financial institutions.

Foreword

Investments Held by Institution



The balance of investments is at a point in time and will fluctuate daily depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants. The notes to the accounts provide further information on the Council's financial assets and liabilities and the nature and extent of risks involved.

In accordance with accounting requirements, the Council is required to consider whether amounts included in its balance sheet are shown at their recoverable amount. Loan principal of £5.056 million and interest of £1.356 million owed by Glamorgan County Cricket Club for the redevelopment of the stadium at 31 March 2015 are 100% impaired. The total of principal and interest is £6.412 million. In March 2015, the Council considered a request from the club to write off 70% of sums due and restructure remaining sums in line with other major creditors. As the loan has been provided from capital resources, the loss on impairment was neutralised against capital reserves for the loan principal. In addition 100% provision for any interest due to the Council since the loan was granted had been made. The Council continues to adopt a prudent approach in its revenue budget to the repayment of both the principal and interest amounts due. Given the risks of recovery of sums due that still remain, the balance due of 30% (£1.924 million) remains 100% impaired, but is shown as a contingent asset in the statement of accounts.

The Council has worked actively with Welsh Government, Welsh Local Government Association and other Housing Stock retaining Authorities to secure exit from the Housing Revenue Account Subsidy System which has been in place for some time. This was achieved in England in 2012. The new arrangements will mean that from April 2015, the Council will no longer have to pay circa £15 million from tenant rents to the Welsh Government which is then passed on to UK Treasury each year. Instead, we would be required to make a one-off payment of £187 million as a "buy out" to the Welsh Government/UK Treasury on 2 April 2015. In accordance with Treasury and Welsh Government requirements, this is to be paid by undertaking borrowing from the Public Works Loan Board at interest rates determined by HM Treasury. The overriding principle of the subsidy reform is that no Welsh Authority will be worse off under the new Self Financing Scheme. The Council will have to operate within a debt cap allocated by the Welsh Government.

The move to self financing offers an opportunity for the Council to use its role as a landlord to help achieve their wider priorities and ambitions within the context of the ring-fenced HRA. These could include economic regeneration, improving health and well being, improving community safety and helping vulnerable people to live independently in the community.

Foreword

Reserves

Movements on earmarked reserves and schools balances are detailed in note 2 to the core statements. Details of movements of other usable and unusable reserves are shown in notes 30 and 31 to the core statements respectively. Total usable reserves at the commencement of the year amounted to £52.179 million, increasing by **£4.811 million** to **£56.990 million** at 31 March 2015.

Summary Reserves Movements:

	£000	£000
Usable Reserves at 1 April 2014		52,179
Council Fund Earmarked Reserves		
Movements to/(from) earmarked reserves:		
Cardiff Enterprise Zone Reserve	1,404	
Waste Management/Prosiect Gwyrdd Reserve	2,020	
Cardiff Insurance Reserve	1,034	
Schools Formula Funding Reserve	955	
Schools Organisational Plan Reserve	(1,276)	
Bereavement Services Reserve	(571)	
Dilapidation Reserve	(385)	
Other movements to/(from) earmarked reserves	84	
		3,265
Other movements to/(from) other useable reserves:		
Council Fund Balance	1,741	
HRA Balance	314	
HRA Earmarked Reserves	(446)	
Usable Capital Receipts	(63)	
		1,546
Total Usable Reserves at 31 March 2015		56,990

Provisions

During 2014/15, total provisions decreased by **£2.491 million** to **£40.410 million**, which includes a number of movements. These include a net decrease in the insurance provision of £645,000 and a decrease in the termination benefits provision of £797,000. Details of the movement of individual provisions are shown in note 27 to the Core Statements.

Contingencies

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly in the control of the Authority, where it is not probable an outflow of resources will be required or where the amount of obligation cannot be measured reliably. For 2014/15, disclosures covered:

- Legal claims against the Authority, where the Authority is resisting liability;
- The Municipal Mutual Insurance (MMI) run off claims;

Foreword

The Authority also disclosed contingent assets in relation to a proportion of the market value of future disposals of properties where a proportion of the equity has been provided by the Authority; and potential claims that may be due from the HMRC to the Authority relating to outstanding VAT claims.

Cardiff and Vale of Glamorgan Pension Fund

In 2014/15 the benefits payable by the Pension Fund totalled **£79.4 million** and the contributions receivable totalled **£82.6 million**. Net returns on investments totalled **£183.1 million** and the Fund's assets grew by **£186.6 million (12.5%)**, from **£1.49 billion to £1.68 billion**. The valuation as at 31 March 2013 showed that the funding ratio of the Fund had improved since the previous valuation, with the market value of the Fund's assets at that date covering 82% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.

Pensions Assets and Liabilities

Under International Accounting Standard 19 "Employee Benefits", local authorities are required to account for the costs of pension entitlements earned in the year rather than the costs of contributions paid to the fund.

Further details are given in note 19 to the Core Financial Statements.

The Council's Actuary has estimated the Council's pension liability to be **£539.786 million** at 31 March 2015. The effect upon the net worth of the Council is as follows:

	£000
Net Worth Excluding Pensions Liability	1,417,600
Net Worth as per Balance Sheet	877,814

From 1st April 2014, a 23 year recovery plan has been place to restore the value of assets to 100% of the liability in respect of service prior to the most recent valuation date.

Medium Term Financial Plan and Financial Resilience

The Corporate Plan for 2015/16 is a strategic outcome-focused document with the following priorities:

- Education and Skills for all ages
- Supporting vulnerable people
- Sustaining economic development
- Working with people and partners to design, deliver and improve services

The financial challenges facing the Council over the life of the Corporate Plan are extremely challenging. Savings of £205 million have been found over the last 10 years to fund a combination of funding reductions and increases in financial pressures. The Medium Term Financial Plan identifies a further £120.1 million which may have to be found over the next three year period. Of this, £51.1 million needs to be delivered in 2016/17.

The Corporate Resources Director, as the Section 151 Officer, reiterated, in the 2015/16 Budget Report in February 2015, the materiality of the service choices ahead of the Council. In particular, the advice given was that anything other than a radical reduction and reset of the Council's services would, over the life of the Medium Term Financial Plan, lead to financial resilience issues for the Council.

Since that date, Members have received a number of briefings in respect of the financial resilience of the Council. A financial snapshot has been developed to aid discussions and identifies the key financial information from the Statement of Accounts alongside the in-year monitoring position and the medium term financial plan. The Budget Strategy Report from July 2015 is a key document considering the budget strategy for 2016/17 and the medium term.

Foreword

Corporate Governance

In order to minimise the impact of the risks identified, the Council has adopted a Governance Framework which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. The Council also maintains a Corporate Risk Register (CRR) which highlights the strategic risks facing the Council. Further details of the Governance Framework and CRR are in the Annual Governance Statement on pages 166 to 187.

Acknowledgements

Finally, I wish to thank staff within Corporate Resources, and their colleagues throughout the Council, who have worked on the preparation of these statements and enabled this year's deadline for the accounts to be successfully met. I also wish to thank Directors, Assistant Directors and all senior managers for their assistance and co-operation throughout this process.

Christine Salter
Corporate Director Resources
Date

1.2 Guide to the Financial Statements

Movement in Reserves Statement (page 39)

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement (page 40)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting costs. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet (page 42)

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that reflect 'adjustments between accounting basis and funding basis under regulations'.

Pension Fund and Trust Fund balances are not included as these represent assets held in trust for third parties rather than in ownership of the Council.

Cash Flow Statement (page 44)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (borrowing) to the Authority.

Housing Revenue Account Income & Expenditure Account (page 116)

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Pension Fund Accounts (page 121)

The accounts include a Fund Account and Net Assets Statement for the Cardiff and Vale of Glamorgan Pension Fund, which the Council administers. The Cardiff & Vale of Glamorgan Pension Fund also publishes a separate, more detailed report.

Group Accounts (page 142)

Group Accounts are prepared in addition to the single entity accounts where local Authorities have material interests in subsidiary and associated companies and joint ventures. The Group Accounts have been prepared to include Cardiff City Transport Services and comprise the Movement in Reserves Statement; the Comprehensive Income Expenditure Statement; the Balance Sheet; the Cash Flow statement and associated notes.

Trust Funds (page 164)

Various bequests and donations are held in Trust Funds. Income generated from the investments is available for grants and awards in accordance with the objects of the relevant Trusts.

2.1 Statement of Responsibilities for the Financial Statements and Corporate Director Resources Certificate

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council for 2014/15 that officer was Christine Salter, Corporate Director Resources who holds the statutory post of Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts as set out in pages 21 to 163

Councillor David Walker
Lord Mayor

Date:

The Corporate Director Resources responsibilities

The Corporate Director Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 (the Code).

In preparing these financial statements, the Corporate Director Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local Authority Code.

The Corporate Director Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Corporate Director Resources Certificate

The financial statements for The County Council of the City and County of Cardiff give a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Christine Salter
Corporate Director Resources

Date:

Audit Report of the Auditor General to the Members of the County Council of the City and County of Cardiff

I have audited the accounting statements and related notes of:

- the County Council of the City and County of Cardiff; and
- the County Council of the City and County of Cardiff Group; and
- Cardiff and Vale of Glamorgan Pension Fund

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

The County Council of the City and County of Cardiff's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The County Council of the City and County of Cardiff Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The Cardiff and the Vale of Glamorgan Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for the preparation of the statement of accounts, including the County Council of the City and County of Cardiff's Group accounting statements and the Cardiff and Vale of Glamorgan Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the County Council of the City and County of Cardiff's; the County Council of the City and County of Cardiff's Group and the Cardiff and the Vale of Glamorgan Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the County Council of the City and County of Cardiff

In my opinion the accounting statements and related notes:

Auditors Report

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of the County Council of the City and County of Cardiff Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff Group as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of Cardiff and Vale of Glamorgan Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the County Council of the City and County of Cardiff in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
CARDIFF
CF11 9LJ

September 2015

3.1 Accounting policies, critical judgements and assumptions

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

Accounting policies used when formulating the accounts

1. Accounting policies issued but not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2016. If these had been adopted for the financial year 2015/16 there would be no material changes as detailed below.

IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts.

IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation of these policies from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when the cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Accounting Policies, critical judgements and estimations

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

3. Carbon Reduction Commitment

The Authority is required to participate in the Carbon Reduction Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The Authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowance. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption.

4. Cash and Cash Equivalents

These are sums of money available for immediate use. Cash is represented by cash in hand, bank balances of cheque book schools and the net balance on all of the Council's other accounts, including petty cash accounts. Cash equivalents are highly liquid investments including Call Accounts and Money Market Funds that are repayable without penalty on notice of not more than 24 hours. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

5. Contingent assets and liabilities

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in a note to the accounts.

6. Deferred Liabilities

Where the Authority receives income from developers and other organisations in respect of the future maintenance of assets, the amounts are held in the Balance Sheet as deferred liabilities until such time that the maintenance of the asset takes place.

Obligations under finance leases are treated as deferred liabilities and measured on the basis disclosed in accounting policy 21.

7. Disposals and Capital Receipts

When non current assets are disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Where sums are due but not yet received they are treated as deferred capital receipts. A proportion of receipts relating to Housing disposals (75% for dwellings – net of statutory deductions and allowances) are used to reduce the capital financing requirement of the Housing Revenue Account.

Receipts from disposals are appropriated to the Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement (CFR)). The written-off value of disposals is not a charge against council tax, as the cost of non current assets are fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

8. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that there is no impact on council tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement. Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year. An accrual is made for the pension strain to the pension fund and is included in the Balance Sheet as a long-term creditor to the extent that it is repayable to the pension fund over 5 years. In the Movement in Reserves Statement, appropriations are made to or from the Pensions Reserve to neutralise the impact of this accrual on council tax.

Post Employment Benefits

Employees of the County Council of the City and County of Cardiff are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by the Teachers Pensions Agency
- The Local Government Pension Scheme, administered by the County Council of the City and County of Cardiff.

The Council accounts for pension costs in the main accounting statements in accordance with International Accounting Standard 19 (IAS19). IAS19 requires recognition in the employer's accounts of the fact that although retirement benefits are not actually payable until an employee retires, the Authority's commitment to make those payments arises at the time that employees earn their future entitlements. The treatment of pension costs in the accounts depends on whether they are in respect of a defined benefit scheme or a defined contribution scheme.

Defined Benefit Schemes

In defined benefit schemes the retirement benefits payable are based on pay and service and the assets and liabilities of the scheme can be readily identified between the participating bodies in the scheme. The Local Government Pension Scheme is a defined benefit scheme.

Under IAS19 the cost which is charged to net cost of services is the cost of pension entitlements earned in the year rather than the cost of contributions paid into the Fund. This cost is known as the *current service cost* and is determined by the actuary. The *Net Pension Liability* which represents the Authority's attributable share of the Pension Fund's assets and liabilities is shown in the Balance Sheet.

The following accounting policies have been applied in determining the figures to be included in the Comprehensive Income and Expenditure Statement and Balance Sheet in respect of pensions costs for the Local Government Scheme:

- the attributable assets of the scheme have been valued at bid price
- the attributable liabilities have been measured on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value
- the surplus/deficit in the scheme has been calculated as the excess/shortfall in the value of the assets in the scheme over/below the present value of the scheme liabilities
- the current service cost has been based on the assumptions at the start of the year and the estimated pensionable pay over that year.

Accounting Policies, critical judgements and estimations

- the interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period; discount rates are based on the annualised yields on the iBoxx over 15 year AA rated corporate bond index.
- the net interest on the net defined benefit liability/asset is the interest on the present value of liabilities/assets and interest on the net changes in those liabilities/assets over the period, calculated using the discount rate at the start of the period.
- actuarial gains/losses have been calculated by updating values from the last actuarial valuation to reflect conditions at the balance sheet date
- past service costs cover items such as the provision of enhanced or discretionary benefits on retirement. The costs included in the accounts for 2014/15 are the full costs relating to early retirements granted in the year which have been calculated as the special contributions payable into the fund adjusted for the financial assumptions used under IAS19 to represent the approximate cost of the increase in benefits granted to members under IAS19.

Defined Contribution Schemes

These are schemes where the employer pays fixed amounts into the scheme and has no obligation to contribute further amounts if the scheme does not have sufficient assets to pay employee benefits. Under IAS19, defined contribution schemes are accounted for by charging employer contributions to revenue as they become payable. The Teachers Pension Scheme is a defined benefit scheme but as the Authority cannot identify its share of the underlying assets and liabilities in the scheme on a consistent basis; this scheme is to be accounted for as if it were a defined contribution scheme under IAS19.

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

9. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – The Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

10. Exceptional Items

Exceptional items are material in terms of the Authority's overall expenditure and not expected to recur frequently or regularly. When they occur they are included in the Comprehensive Income Expenditure Statement as a separate line if that degree of prominence is necessary to give a fair presentation of the accounts.

11. Financial Assets

Financial assets are classified into three types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Accounting Policies, critical judgements and estimations

- investments at fair value – assets that have a quoted market price and/or do not have fixed or determinable payments.
- fair value through profit and loss – assets that are held for trading

Loans and Receivables: Initially measured at fair value and carried at their amortised cost. Credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Interest that is due but unpaid at the end of the year is recognised in the Balance Sheet as a current asset.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Where loans or receivables are undertaken on behalf a third party or are legally required to be kept separate, interest on these balances has been paid to the relevant third parties accordingly.

Investments at Fair Value: available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses). Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred - these are debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of likelihood, arising from a past event, that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised in the Statement of Total Recognised Gains and Losses.

Investments at Fair Value through Profit and loss: These are initially measured at and carried at fair value. Any movements in fair value, gains and losses that arise on de-recognition of the asset and investment income is credited/debited to the Comprehensive Income and Expenditure Statement.

12. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Interest that is due but is unpaid at the end of the year is recognised in the Balance Sheet as a current liability.

Premiums or Discounts incurred on the extinguishment of debt are charged immediately to the Comprehensive Income Expenditure Statement, with Regulation being used to mitigate the financial impact on the council taxpayer by an adjustment from the Financial Instruments Adjustment Account.

- Premiums are amortised to the Movement in Reserves Statement over the life of the replaced loan, replacement borrowing or other prudent period.

Accounting Policies, critical judgements and estimations

- Discounts are amortised to the Movement in Reserves Statement over the life of the replaced loan or 10 years (whichever is the shorter period).

Where restructuring of the loan portfolio involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and amortised to the Movement in Reserves Statement in accordance with statutory regulation.

Transaction costs such as brokers' fees and commission in relation to managing the Authority's Financial Instruments, which are not considered material, are charged immediately to the Comprehensive Income and Expenditure Statement.

13. Foreign Currency Translation

When transactions are required to be undertaken in a foreign currency, they are converted at the prevailing rate on the day of the transaction. The Council does not invest or borrow in any currency other than sterling and undertakes very few transactions involving foreign currency.

14. Grants - Revenue

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised when:

- the Council will comply with the conditions for their receipt.
- there is reasonable assurance that the grant or contribution will be received.

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not been yet been satisfied are carried in the Balance Sheet as Revenue Grants receipts in advance. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific revenue grants) in the Comprehensive Income and Expenditure Statement. Where there is no reasonable assurance that the conditions will be met, any cash received will not be recognised as a receipt of grant monies but as a repayment due to the awarding body. The cash received is held on the Balance Sheet as a liability.

Where the conditions of a revenue grant or contribution have been complied with but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside as an Earmarked Reserve.

15. Grants and Contributions – Capital

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.

Capital Grants and Contributions applied in paying for other capital works are credited to the "taxation and non-specific grant income" line in the Comprehensive income and expenditure statement.

Where a specific Capital Grant or a Contribution has been received but remains unapplied, this is deemed to represent a condition in that the unused element could be returned to the funder. Capital grants and contributions are identified separately on the Balance Sheet. Contributions such as those arising from Town and Country Planning Act 1990 obligations usually come with conditions that the funding can be clawed back by the provider if not spent within a certain period of time or if not spent on a specific project. Such items are treated as capital grants receipts in advance.

The unapplied element of such grants or contributions would not be taken to the Comprehensive Income and Expenditure Statement when received and is treated as a Creditor. Where a specific Capital grant or Contribution is applied, but is not yet received, this is taken to Comprehensive Income and Expenditure Statement when applied and is treated as a Debtor.

Accounting Policies, critical judgements and estimations

Non specific grants such as the General Capital Grant or Major Repair Allowance are recognised immediately in the Comprehensive Income and Expenditure statement. If such a non specific grant remains unapplied at the end of the year, this element is held as Capital Grants unapplied.

16. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised. In the case of computer software and licences, this will be capitalised where it relates to the enhancement or development of systems, expenditure on which is deemed to generate long-term economic benefits to the Authority in the form of savings and improvements in service delivery. Intangible assets are included in the Balance Sheet at historic cost net of amortisation, are reviewed for impairment and are re-valued only where they have a readily ascertainable market value. The assets are amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits

Any amortisation, impairment, disposal gains or losses are not permitted to have an effect upon Council Fund Balance and are reversed in the Movement in Reserves Statement.

17. Interests in Companies and Other Entities

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce group accounts. In the Council's own single entity accounts, the interests in such companies are recorded as Financial Assets in the Balance Sheet.

18. Inventories

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as an expense in the Comprehensive Income and Expenditure Statement.

19. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

20. Joint Committees

The relevant proportion of the transactions and balances of Joint Committees are included within the Council's Comprehensive Income Expenditure Statement and Balance Sheet. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee. To date, no audit opinion has been issued in respect of the accounts of any of the Joint Committees.

21. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract
- Option to purchase asset at price lower than fair value
- Lease term is for major part of economic life of asset
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset
- Leased assets are specialist and only lessee can use them without major modifications

Accounting Policies, critical judgements and estimations

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

For plant and equipment the Authority has set a de-minimis level of £75,000 for leases to be recognised as finance leases.

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Payments for operating leases are charged to the relevant service revenue account on an accruals basis. The charges are made evenly throughout the period of the lease.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Council Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the Council Fund

Accounting Policies, critical judgements and estimations

Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

22. Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

23. Overheads and Support Services Costs

The costs of overheads and support services are allocated to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

24. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

- Material errors discovered in prior period figures are corrected by amending opening balances and comparative amounts for the prior period
- Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or performance. Any change is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

25. Private Finance Initiative (PFI) and similar contracts

These are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor during the contract term. The Council does not have any such contracts at the balance sheet date.

26. Property, Plant, Equipment, Community and Heritage Assets

Assets that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

Recognition:

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset. This together with a 3-year rolling programme of revaluations ensures that the values of land and buildings carried in the accounts are not materially misstated and ensures a sustainable cost/ benefit approach to valuation and accounting for capital expenditure on land and buildings in the year.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

The Council has a de-minimis policy with regards to the capitalisation of expenditure in connection with Council dwellings, as follows:

- External works requirement for capital expenditure to be over £1,000
- Heating requirement for capital expenditure to be over £1,000
- All other works over £500

The Council recognises heritage assets where it may have incurred separately identifiable expenditure on their acquisition or preservation at historic cost or where it has information on the value of the asset.

The Council previously recognised Voluntary Aided, Voluntary Controlled and Foundation Schools on the Authority's Balance Sheet if it was deemed to have control of admissions policy. CIPFA has for a number of years been considering the approach to recognition of schools given inconsistency of approach across the UK and has issued revised guidance. This effectively requires schools to be considered as an entity and indicates that if the Council owns the land, it can direct the use of the assets and should thus recognise those assets in the balance sheet. Following a review, a number of schools assets have been brought into the balance sheet and this is explained further in the Property, Plant and Equipment notes to the accounts.

Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use. The Council does not capitalise borrowing costs.

These assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets – depreciated historical cost. Not all roads and infrastructure are included in the Balance Sheet as the balance sheet values reflect historic expenditure incurred on such assets from a point in time. Any roads adopted by the Council are not individually identified on the balance sheet and are effectively recorded at nil value. Accordingly the balance sheet does not represent the true value and size of infrastructure assets. This is likely to change in future years, but until then the asset values presented in the accounts understate the real value of infrastructure assets held and used by the Council.
- Community assets and Assets under Construction are included in the Balance Sheet at historic cost.
- Heritage assets and their nature make determining a value for them complex. Valuations may lack reliability, there may be no market, providing an estimate of replacement cost may be difficult and the cost of determining a valuation for accounting purposes only may not be justified on cost benefit grounds. These difficulties are recognised by the Code and so many individual assets are

Accounting Policies, critical judgements and estimations

not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets. Heritage assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs.

- Council dwellings – Existing use value for social housing (EUV-SH) This is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller on the assumption that the property will continue to be let and used for social housing. The Council has used a discount factor of 41% to adjust beacon values to existing use value.
- The Code requires Surplus Assets to be valued at Existing Use Value (EUV) i.e. applying the same assumptions relating to the level of usage as those in the most recent revaluation as an operational asset. This is problematic in that by definition a surplus asset will not have an existing use. The main types of assets held in this class include historic development land and buildings awaiting suitable open market disposal or use for identified schemes, sites held for the purpose of the Cardiff Partnering Scheme as well as former operational buildings awaiting disposal or alternative use.

Accordingly and for a number of other reasons, the Council values the assets within this category at Open Market Value rather than EUV. These reasons include: - former use of historic sites is not known; sites previously have been revalued on an open market basis and values may have changed in some cases significantly; to ensure consistency within the category e.g. where appropriations have been undertaken these would have been at Open Market Value; an approach that balances cost versus benefits compared to the approach in the Code, particularly for smaller sites.

The Council's alternative approach is deemed to give a fairer indication of the value of assets not used in service delivery. Whilst it is not reflected in the Code, there is a planned move away from current Code requirements by CIPFA, potentially in 2015/16 towards the approach adopted by the Council which will aim to address the issues currently being faced in relation to Surplus Assets.

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, existing use value such as depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets such as plant and equipment have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. From 2013/14, a detailed approach to DRC, known as Modern Equivalent Asset (MEA) is used for the valuation of school land and buildings, due to the much specialised nature of these assets.

Assets included in the Balance Sheet at fair value are required to be revalued at least every five years. The Council must balance the requirement to ensure carrying amounts are not materially different from their fair value at the year-end, with the time, costs and resources involved in providing valuation services for accountancy purposes. It does this by:-

- Undertaking an annual impairment review of property with the Council's in-house valuation team to identify significant changes
- Using the experience and local knowledge of the in-house valuation team to provide valuation services to ensure financial services are made aware of all property issues affecting the Council
- Having an agreed rolling programme of revaluation which is shorter than the minimum 5 year cycle required by the Code in order to ensure there is sufficient, regular and consistent coverage of all classes of assets.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Accounting Policies, critical judgements and estimations

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revaluation:

Where required by the Code, asset revaluations take place with an effective date of 1 April of the financial year and are undertaken by in-house professional valuers, all of whom are RICS registered. This is in accordance with the Council's rolling programme of three year revaluations.

Charges to Revenue for Non-Current Assets:

Services are debited with the following amounts to record the cost of holding assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

The Council is not required to raise council tax to fund depreciation, impairment losses or amortisations. However, it is required to make a prudent provision from revenue towards the reduction in its overall requirement to borrow. Depreciation, impairment losses and amortisations are therefore replaced by this prudent provision in the Council Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Impairment and Downward Revaluation:

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired in value, either due to a significant reduction in service potential e.g. service delivery from that asset ceasing or significant permanent market value reductions (downward revaluation). Where either type of loss is identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, heritage and community assets) as well as assets that are not yet available for use (i.e. assets under construction). The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 also requires depreciation of buildings categorised as surplus assets. However, the Council does not depreciate these as by their very nature they are no longer used in service delivery, depreciation is not consistent with the valuation approach adopted and in the majority of cases, buildings on a site are planned to be demolished or are in a poor condition. For assets depreciated by the Council, it charges a full year's depreciation on capital expenditure incurred in the year.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is calculated on the following bases:

Accounting Policies, critical judgements and estimations

Asset category	Initial Useful Life in years
Intangible Assets	3-5
Council Dwellings	50
Land	n/a
Buildings *	3-125
Vehicles, Plant, Furniture and Equipment	5-15
Infrastructure **	7-120
Community Assets, Investment Properties, Heritage Assets, Surplus Assets and Assets Held for Sale	n/a

* Included within Buildings is City Hall with an initial useful life of 125 years

** Included within Infrastructure is the Cardiff Bay Barrage which is being depreciated over the design life of 120 years

Component Accounting:

Where a single asset may have a number of different components each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation.

- **Materiality with regards to the Council's financial statements** Componentisation will only be considered for individual non land assets that have a net book value of more than £1.5 million at the end of the financial year.
- **Significance of component.** For individual assets meeting the above threshold, where services within a building (Boilers / Heating / Lighting / Ventilation etc..) or items of fixed equipment (Kitchens / Cupboards) is a material component of the cost of that asset (> 30%) then those services / equipment will be valued separately on a component basis.
- **Difference in rate or method of depreciation compared to the overall asset.** Only those elements that normally depreciate at a significantly different rate from the non land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that fall below the de-minimis levels and tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

Where assets are material and to be reviewed for significant components, it is recommended that the **minimum** level of apportionment for the non-land element of assets is:

- Plant and equipment and engineering services.
- Structure.

Professional judgement will be used in establishing materiality levels; the significance of components, useful lives, depreciation methods and apportioning asset values over recognised components.

Revaluations of the Council's property assets will continue to be undertaken on a 3 yearly rolling programme basis, at which point the revaluation takes into account the value and condition of the assets, relevant components and also de-recognition where relevant. Where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision to the useful life.

The Council does not currently undertake componentisation on Infrastructure assets.

The Code for 2010/11 requires a revaluation decrease or impairment loss charged to the Surplus or Deficit in the Provision of Services (SDPS) to be reversed where there is a subsequent revaluation gain on the same asset that removes the underlying reasons for the original loss. The Statement of Accounts complies with this requirement for revaluations undertaken from 2011/12 onwards.

27. Provisions, including back pay arising from unequal pay claims

Provisions are made when, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount but the timing of the settlement is uncertain.

Provisions are charged as an expense to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made they are charged to the provision which is held on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, and provisions that are no longer required are credited back to the relevant service revenue account.

28. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

29. Reserves

The Council sets aside amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

30. Value Added Tax

Apart from certain cases where the Council funds supplies of goods or services to other persons or organisations, the Council is reimbursed for VAT. The revenue accounts have, therefore been prepared exclusive of this tax.

Accounting Policies, critical judgements and estimations

Critical judgements in applying accounting policies

Accounting policies are only applied to material transactions of the Authority. In applying policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Examples of critical judgements made in the Statement of Accounts are:

- Reducing levels of funding for local government require budget prioritisation and organisational development change to ensure resources are firmly aligned to priorities as outlined in the Corporate Plan. The Council continues to effectively manage its resources within this challenging environment. The continuing financial challenge will over the medium term have a significant impact on future operating structure and the assets used to deliver services and the Council will put in place the necessary resources to ensure that a balanced budget can be delivered.
- It is assumed that where provision for doubtful debtors or impairment has not been made, all other deferred debtors and investment balances are recoverable and not impaired.
- The level of both general and earmarked reserves held by the Council has been assessed by the Council's Section 151 Officer and is judged at present to be sufficient. Each request to establish an earmarked reserve is considered separately based on the evidence provided. It is the responsibility of the Section 151 Officer to advise Cabinet on the prudent level of reserves to hold and this is done following consideration and documentation of the risks the Council faces.
- All significant related parties are fully disclosed and figures included in the accounts produced by external organisations are robust and accurate.
- Due to declining capital resources and to meet the significant need for capital investment, the Council is significantly increasing the level of external borrowing that it will ultimately need to undertake. Such borrowing is required to be repaid from existing budgets, future savings, additional or existing income or from the sale of assets. The Council sets aside from its revenue budget each year a prudent amount for the eventual repayment of that borrowing. The Council's Capital Programme 2014/15 to 2019/20 was approved in February 2015. Whilst this is deemed affordable, unless there is demonstrable progress in 2015/16 to accelerate a reduction in the Council's asset base, the existing Capital Programme will need to be reviewed.
- Provisions are made when clear and accurate information is available to do so. In the absence of this, creating a provision may be misleading and could have significant financial implications. In respect of the Council's future obligations in respect of landfill sites, a provision was required to be made. The Council has implemented this in the knowledge that the approach to this issue is the subject of a consultation and further work by CIPFA. The Council also recognises that the suggested WAO treatment indicates that the Capital Financing Requirement (CFR) will increase for capital expenditure not yet incurred. The CFR is defined in the prudential code for Capital Finance as capital expenditure incurred but not yet paid for and such a scenario is not included in the relevant guidance notes.
- The Council still considers that there are a number of indicators of impairment at the balance sheet date for loans provided to Glamorgan County Cricket Club. This has resulted in the recoverable value reduced to nil at 31 March 2015.
- It is assumed that the accounts for the year reflect all financial obligations under a contract required to be met by the Council during the year and that the Council is compliant with all such obligations placed upon it.

Accounting Policies, critical judgements and estimations

- Where an accrual has been made for future pension strain liabilities as a result of voluntary severance, it is assumed that these costs are *not* included in calculation of the pensions liability carried out by the actuary.
- If information is misstated, that is omitted, incorrectly shown or not disclosed, that information has the potential to influence or change the decisions and or judgement of the majority of reasonable persons relying on the financial report or the discharge of the accountability by management or those charged with governance. The Council recognises that any materiality threshold should be based upon what will affect the users' decisions and not on the assessment of the preparers of the accounts. Materiality is a matter of professional judgement influenced by the characteristics of the entity and the perceptions as to who are, or are likely to be, the users of the financial report and their information needs. The Council gives consideration to a number of quantitative and qualitative factors in assessing whether a misstatement is material.

Where relevant, the notes to the accounts provide additional information on any risks and judgements.

Accounting Policies, critical judgements and estimations

Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant disclosures are already made in the accounts in relation to the assumptions about financial instruments. However the other items in the Authority's Balance Sheet at 31 March 2015 for which, by their nature, there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation of assets such as investments, land, property, plant, equipment and Investment in companies	Valuation involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of a discount factor of 41% to adjust beacon values to existing use value for social housing etc. These assumptions are made by professional qualified in-house or external valuation providers or use of industry data in order to determine figures for the Statement of accounts and property transactions. Valuations are carried out within the Council by a qualified Chartered Surveyor, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance. Where it is difficult to provide valuations e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd, a guide such as multipliers of EBITDA are used.	Where required revaluations are carried out as part of a rolling programme. Any charges to services for non current assets is required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents. Any transactions involving disposals may be valued on a different basis and would be the subject of an open market disposal, with any revisions in value reflected in the Balance Sheet. Any change in the fair value of Cardiff City Transport Services Ltd as a result of the use of multipliers has no impact on the level of Council Tax. Any changes are reflected by a corresponding amendment in the available for sale reserve. Changes in future accounting practice could mean changes in valuation basis of non current assets and in which assets are required to be included on the Councils balance sheet and which are not. Any such changes will have no impact on the level of Council Tax or rent.
Provisions	The Authority makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made. In most cases these are subject to legal claims such as Insurance claims and other items as disclosed in the provisions note. Provisions relating to landfill sites, due to their significant value and long	The provisions are based on information known at the Balance Sheet date and best estimates and professional internal and external advice is used to determine value and number of provisions. The outcomes of such issues will have an impact on the Outturn of the Council in future years, however due to the uncertain nature of these events, are difficult to quantify.

Accounting Policies, critical judgements and estimations

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	life are subject to a high level of estimation of future liabilities; this is detailed further in the provisions note.	
Provisions in relation to arrears	At 31 March 2015, the Authority had amounts it was owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes that may impact on collectability such as the economic climate, a level of impairment is assumed which may, or may not, be deemed to be sufficient.	Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay for Council services, this will require increases in the level of provisions currently set aside.
Debtors and Creditors	The level of debtors and creditors at the Balance Sheet may need to be manually determined or estimated.	There is a risk of under/overstatement which would impact on current and future reported position of revenue Outturn or capital expenditure.
Employee leave benefits	The level of leave, flexi time and time in lieu owed to staff is based on a sample of staff and extrapolated to arrive at a figure for all employees. In calculating the accrual for school based teaching staff, the Council assumes that all are continuing in the profession after the date of the Balance Sheet.	The level of creditor accrual may be under or over estimated. This will have no impact on the reported Outturn position as statute allows the reversal of this figure to a reserve.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions are difficult to measure as they interact in different ways.

Movement in Reserves Statement

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013 carried forward (Restated)	11,548	40,319	7,295	1,312	1,605	62,079	876,043	938,122
Movement in Reserves during 2013/14 (Restated)								
Surplus or (deficit) on the provision of Services	(159,973)	0	4,435	0	0	(155,538)	0	(155,538)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	158,174	158,174
Total Comprehensive Income and Expenditure	(159,973)	0	4,435	0	0	(155,538)	158,174	2,636
Adjustments between accounting basis & funding basis under regulations (note 1)	150,078	0	(4,234)	0	(206)	145,638	(145,638)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(9,895)	0	201	0	(206)	(9,900)	12,536	2,636
Transfers to/(from) Earmarked Reserves (note 2)	9,760	(9,760)	628	(628)	0	0	0	0
Other Movements in Reserves	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2013/14	(135)	(9,760)	829	(628)	(206)	(9,900)	12,536	2,636
Balance at 31 March 2014 carried forward	11,413	30,559	8,124	684	1,399	52,179	888,579	940,758
Movement in Reserves during 2014/15								
Surplus or (deficit) on the provision of Services	(11,619)	0	4,696	0	0	(6,923)	0	(6,923)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(56,022)	(56,022)
Total Comprehensive Income and Expenditure	(11,619)	0	4,696	0	0	(6,923)	(56,022)	(62,945)
Adjustments between accounting basis & funding basis under regulations (note 1)	16,625	0	(4,828)	0	(63)	11,734	(11,734)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,006	0	(132)	0	(63)	4,811	(67,756)	(62,945)
Transfers to/(from) Earmarked Reserves (note 2)	(3,265)	3,265	446	(446)	0	0	0	0
Other Movements in Reserves	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2014/15	1,741	3,265	314	(446)	(63)	4,811	(67,756)	(62,945)
Balance at 31 March 2015 carried forward	13,154	33,824	8,438	238	1,336	56,990	820,824	877,814

Comprehensive Income and Expenditure Account

2013/14 (Restated)				Note	2014/15		
Gross Expenditure £000	Gross Income £000	2013/14 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000
54,712	(20,679)	34,033	Central Services to the Public		51,249	(17,958)	33,291
58,897	(25,426)	33,471	Cultural & Related Services		58,205	(27,886)	30,319
56,121	(19,586)	36,535	Environmental & Regulatory Services		58,066	(23,779)	34,287
32,169	(17,017)	15,152	Planning Services		20,081	(19,905)	176
504,795	(76,850)	427,945	Children's and Education Services		404,850	(98,971)	305,879
76,127	(18,719)	57,408	Highways & Transport Services		64,252	(19,387)	44,865
63,765	(62,124)	1,641	Housing Revenue Account		69,971	(65,231)	4,740
182,254	(175,897)	6,357	Housing Services (General Fund)		181,640	(175,755)	5,885
125,423	(23,029)	102,394	Adult Social Care		127,857	(25,777)	102,080
11,980	246	12,226	Corporate & Democratic Core		9,982	(2,004)	7,978
2,838	0	2,838	Non-Distributed Costs	3	3,405	323	3,728
5,056	0	5,056	Exceptional Item	3	0	0	0
1,174,137	(439,081)	735,056	Net Cost of Services	4	1,049,558	(476,330)	573,228
25,012	0	25,012	Police and Crime Commissioner for South Wales	6	26,411	0	26,411
252	0	252	Community Council Precepts	6	256	0	256
17,392	0	17,392	Levies & Contributions	6	16,984	0	16,984
2,150	(2,821)	(671)	(Gain)/loss on sale of non-current assets		1,586	(5,774)	(4,188)
44,806	(2,821)	41,985	Other Operating Expenditure		45,237	(5,774)	39,463
23,871	0	23,871	Interest Payable on debt	21	24,616	0	24,616
2	0	2	Interest element of finance leases	16	0	0	0
30,055	0	30,055	Interest on net defined benefit liability/(asset)	19	19,416	0	19,416
0	(1,199)	(1,199)	Interest & Investment Income		0	(1,091)	(1,091)
162	0	162	Change in fair value of Investment Properties		6,161	(12,391)	(6,230)
54,090	(1,199)	52,891	Financing and Investment Income & Expenditure		50,193	(13,482)	36,711

Comprehensive Income and Expenditure Account

2013/14 (Restated)				Note	2014/15		
Gross Expenditure £000	Gross Income £000	2013/14 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000
0	(53,164)	(53,164)	Recognised Capital Grants & Contributions		0	(28,165)	(28,165)
0	(339,678)	(339,678)	Revenue Support Grant		0	(326,291)	(326,291)
0	(107,229)	(107,229)	Non-Domestic Rates	9	0	(109,695)	(109,695)
948	(158,206)	(157,258)	Council Tax Income	8	779	(165,499)	(164,720)
0	(17,065)	(17,065)	Other Central Grants		0	(13,608)	(13,608)
948	(675,342)	(674,394)	Taxation & Non-Specific Grant Income		779	(643,258)	(642,479)
		155,538	(Surplus)/Deficit on Provision of Services				6,923
		(19,902)	Revaluation Gains	31			(937)
		127,299	Revaluation Losses	31			2,844
		352	Impairment losses on non-current assets charged to the Revaluation Reserve				412
		0	Reversal of revaluation losses recognised in the Comprehensive Income & Expenditure Statement				0
		488	(Surplus)/Deficit on revaluation of available for sale financial assets	31			2,211
		(266,411)	Actuarial (gains)/losses on pension assets/liabilities	19			51,492
		(158,174)	Other Comprehensive Income & Expenditure				56,022
		(2,636)	Total Comprehensive Income & Expenditure				62,945

* The net cost of services includes IAS 19 Current Service Cost (CSC) which includes an allowance for the administration expenses of £470,000 in 2014/15 (£470,000 in 2013/14).

Balance Sheet

31 March 2014 (Restated) £000		Note	31 March 2015 £000
	<u>Property Plant & Equipment:</u>	20	
566,393	Council Dwellings		569,012
747,292	Other Land and Buildings		765,665
15,393	Vehicles, Plant, Furniture & Equipment		14,989
314,866	Infrastructure		308,666
18,734	Community Assets		19,206
24,036	Assets under construction (AUC)		11,757
55,403	Surplus assets not held for sale		37,024
	<u>Heritage Assets</u>		
50,789	Heritage Assets		50,884
	<u>Investment Property:</u>	17	
75,625	Investment Properties		100,787
	<u>Intangible Assets</u>		
4,748	Intangible assets including AUC	20	4,346
19,553	Long-term Investments		17,316
2,935	Long-term Debtors		2,790
1,895,767	Total Long Term Assets		1,902,442
28,895	Short-term Investments		42,185
380	Assets held for Sale	22	3,040
2,697	Inventories		2,109
72,101	Short-term Debtors	23	90,982
41,761	Cash and Cash Equivalents	24	23,137
145,834	Total Current Assets		161,453
(14,457)	Short Term Borrowing	21	(12,964)
(75,827)	Short Term Creditors	25	(94,801)
(2,486)	Pension Strain	28	(2,830)
(9,806)	Provisions	27	(9,011)
(1,210)	Deferred Liabilities	29	(1,024)
(103,786)	Total Current Liabilities		(120,630)
(465,486)	Long Term Borrowing	21	(464,808)
(33,095)	Provisions	27	(31,399)
(7,290)	Deferred Liabilities	29	(7,217)
(9,724)	Capital Contributions Receipts in Advance	32	(10,095)
(2,363)	Revenue Grants Receipts in Advance	32	(3,734)
(306)	Capital Grants Receipts in Advance	32	(2,160)

Balance Sheet

31 March 2014 (Restated) £000		Note	31 March 2015 £000
(5,766)	Pensions Strain	28	(6,252)
(473,027)	Net Pensions Liability		(539,786)
(997,057)	Total Long Term Liabilities		(1,065,451)
940,758	NET ASSETS		877,814
	Financed by:		
11,413	Council Fund Balance		13,154
30,559	Council Fund Earmarked Reserves		33,824
8,124	Housing Revenue Account Balance		8,438
684	HRA Earmarked Reserves		238
1,399	Capital Receipts Reserve		1,336
52,179	Usable Reserves	30	56,990
206,879	Revaluation Reserve		201,371
1,156,598	Capital Adjustment Account		1,164,708
104	Deferred Capital Receipts		87
15,774	Available for Sale Financial Instruments Reserve		13,563
(2,709)	Financial Instruments Adjustment Account		(2,367)
(481,278)	Pensions Reserve		(548,868)
(6,789)	Accumulated Absences Adjustment Account		(7,670)
888,579	Unusable Reserves	31	820,824
940,758	TOTAL RESERVES		877,814

Cash Flow Statement

2013/14 (Restated) £000		Note	2014/15 £000
155,538	Net (Surplus) /Deficit on the provision of services		6,923
(243,668)	Adjust net surplus or deficit on the provision of services for non-cash movements	34	(89,240)
50,587	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	34	19,305
(37,543)	Net cash flows from operating activities		(63,012)
(1,061)	Interest Received		(1,112)
24,852	Interest Paid		24,728
1	Finance lease interest paid		0
(61,336)	Net cash flow from other operating activities		(86,628)
56,743	Investing activities		67,618
81,893	Purchase of property, plant and equipment, investment property and intangible assets		70,700
3,232	Purchase of short-term and long-term Investments		29,047
20,579	Other payments for investing activities		9,922
(3,568)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(5,774)
(43,319)	Capital Grants		(33,754)
(2,006)	Capital Contributions		(2,523)
(68)	Proceeds from short-term and long-term investments		0
(26,014)	Financing activities		14,018
(18,383)	Cash receipts from short-term and long-term borrowing		(5,700)
(7,752)	Other receipts from financing activities		0
15	Cash payments for the reduction of outstanding liabilities relating to finance leases		0
106	Repayments of short-term and long-term borrowing		7,820
0	Other payments for financing activities		11,898
(6,815)	Net (increase)/ decrease in cash and cash equivalents		(18,624)
34,946	Cash and cash equivalents at the beginning of the reporting period		41,761
41,761	Cash and cash equivalents at the end of the reporting period represented by:		23,137
323	Cash held e.g. Imprest Accounts		182
9,219	Cash and Bank		11,051
32,219	Short-term deposits with financial institutions		11,904

Notes to the Core Financial Statements

3.6 INDEX OF NOTES TO THE CORE STATEMENTS

Note No.	Note	Page
1	Adjustments between Accounting Basis and Funding Basis Under Regulations	46
2	Earmarked Reserves	49
3	Non-Distributed Costs and Exceptional Items	57
4	Amounts reported for Resource Allocation Decisions	57
5	Harbour Authority & Associated Activities	63
6	Precepts & Levies	65
7	Participation in Joint Committees	65
8	Council Tax	65
9	Non-Domestic Rates	66
10	Agency Income & Expenditure	67
11	Remuneration	67
12	Health Act 1999 Pooled Funds and Similar Arrangements	72
13	Related Parties	73
14	External Audit Costs	74
15	Trading Accounts Summary	74
16	Leasing	75
17	Investment Properties	76
18	Prudent Revenue Provision	76
19	Pensions	76
20	Non-Current Assets	84
21	Financial Instruments	94
22	Held for Sale Assets	102
23	Debtors	103
24	Cash and Cash Equivalents	103
25	Creditors	103
26	Interests in other companies and other organisation	103
27	Provisions	106
28	Pension Strain	107
29	Deferred Liabilities	108
30	Usable Reserves	108
31	Unusable Reserves	109
32	Grant Income	112
33	Contingent Assets & Liabilities	113
34	Notes to the Cash Flow Statement	114
35	Voluntary and Compulsory Severance	115
36	Events after the Reporting Period	115
37	Date of Authorisation of the Accounts for Issue	115

Notes to the Core Financial Statements

1. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2014/15	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	47,830	14,475	0	(62,305)
Revaluation losses of non-current assets	780	1,380	0	(2,160)
Reverse previous impairment on revaluation	(950)	(1)	0	951
Amortisation of intangible assets	801	45	0	(846)
Movements in the market value of Investment properties	(6,310)	80	0	6,230
Movement in the value of Held for Sale Assets	504	0	0	(504)
Capital grants and contributions applied	(16,685)	(11,480)	0	28,165
Revenue expenditure funded from capital under statute	396	353	0	(749)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	268	1,145	0	(1,413)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(23,374)	(2,899)	0	26,273
Statutory repayment of Debt (Finance Lease liabilities)	0	0	0	0
Capital expenditure charged against the General Fund and HRA balances	(1,819)	(3,761)	0	5,580
Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(4,753)	4,753
Credit for disposal costs that qualify to be met from the resulting capital receipts	0	35	(35)	0
Capital Receipts set aside for the repayment of debt	113	0	(1,231)	1,118
Adjustments involving the Revaluation Reserve				
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement/Recoupment of Grant/Other	(1,802)	(3,964)	5,939	(173)
Adjustments involving the Financial Instruments Adjustment Account				
Amortisation of Premiums and Discounts	(340)	(2)	0	342
Adjustments involving the Pensions Reserve:				
Net retirement benefits as per IAS19	55,881	1,290	0	(57,171)
Employer's contributions to the Pension Scheme	(40,396)	(1,507)	0	41,903
Pension Strain Future Years	844	(14)	0	(830)
Adjustments involving the Accumulating Compensated Absences Adjustment Account				

Notes to the Core Financial Statements

2014/15	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	884	(3)	0	(881)
Adjustments involving the Deferred Capital Receipts Reserve				
Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	17	(17)
Total Adjustments	16,625	(4,828)	(63)	(11,734)

Comparative Movements in 2013/14

2013/14 (Restated)	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation of non current assets	186,073	13,113	0	(199,186)
Impairment/revaluation losses of non-current assets	5,056	0	0	(5,056)
Reverse previous impairment on revaluation	(14,931)	0	0	14,931
Amortisation of intangible assets	904	0	0	(904)
Movements in the market value of Investment properties	162	0	0	(162)
Movement in the value of Held for Sale Assets	1,033	0	0	(1,033)
Capital grants and contributions applied	(42,916)	(10,248)	0	53,164
Revenue expenditure funded from capital under statute	3,341	55	0	(3,396)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(109)	(561)	2,821	(2,151)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(21,577)	(4,074)	0	25,651
Statutory repayment of Debt (Finance Lease liabilities)	(13)	0	0	13
Capital expenditure charged against the General Fund and HRA balances	(1,891)	(2,198)	0	4,089
Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(3,354)	3,354
Credit for disposal costs that qualify to be met from the resulting capital receipts	0	18	(18)	0
Capital Receipts set aside for the repayment of debt	(103)	0	(402)	505
Adjustments involving the Financial Instruments Adjustment Account				

Notes to the Core Financial Statements

2013/14 (Restated)	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Amortisation of Premiums and Discounts	(340)	(2)	0	342
Adjustments involving the Pensions Reserve:				
Net retirement benefits as per IAS19	74,055	1,428	0	(75,483)
Employer's contributions to the Pension Scheme	(41,605)	(1,755)	0	43,360
Pension Strain Future Years	2,111	(15)	0	(2,096)
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	828	5	0	(833)
Adjustments involving the Deferred Capital Receipts Reserve				
Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	747	(747)
Total Adjustments	150,078	(4,234)	(206)	(145,638)

Notes to the Core Financial Statements

2. Earmarked Reserves

This note sets out the amount set aside from the Council Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts used from earmarked reserves to meet Council Fund and HRA expenditure in 2014/15.

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
SCHOOLS BALANCES				
Schools Reserves inc. Nursery schools	334	3,179	(4,126)	(613)
Cathays HS – Maint. of Playing Field	3	0	0	3
Primary/Special DSU Contingency	373	422	(657)	138
	710	3,601	(4,783)	(472)
SCHOOLS RESERVES				
ICT Schools Practice Account	49	0	(49)	0
Schools Formula Funding Reserve (formerly LMS Contingency)	712	1,263	(308)	1,667
Out of School Childcare	102	22	(13)	111
Schools Catering Reserve	544	0	0	544
Cleaning Direct Service Unit	95	0	(95)	0
Schools Organisational Plan*	5,282	6,538	(7,814)	4,006
Special Educational Needs Unit	102	0	0	102
	6,886	7,823	(8,279)	6,430
OTHER EARMARKED RESERVES				
Apprenticeship Reserve	500	0	(18)	482
Bereavement Services Reserve	592	222	(793)	21
Building Control Fee Earning	145	236	0	381
Bute Park Match Funding Reserve	254	0	(26)	228
Cardiff Academy Reserve	85	10	0	95
Cardiff Dogs' Home Legacy	33	0	0	33
Cardiff Enterprise Zone	1,525	1,404	0	2,929
Cardiff Insurance Reserve	3,211	1,034	0	4,245
Central Market Minor Works Reserve	1	0	0	1
Central Transport Service Vehicle Reserve	66	100	0	166
Children's Play Sufficiency Assessment Reserve	20	0	(20)	0
City Deal Reserve	0	150	0	150
Community Safety	30	0	0	30
Connect to Cardiff Refurbishment Reserve	0	120	0	120
Discretionary Rate Relief Reserve	100	0	0	100
Employee Changes Reserve	250	8,011	(7,745)	516
Energy Conservation Reserve	208	0	0	208
Energy/Carbon Reduction Reserve	276	513	0	789
Equal Pay Reserve	409	0	(127)	282
Flatholm Reserve	24	0	0	24
Fraud Detection Reserve	182	11	0	193
Harbour Project & Contingency Fund	491	280	(74)	697

Notes to the Core Financial Statements

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Highways Local Government Borrowing Initiative Reserve	698	1,047	(698)	1,047
HMO Licensing	0	63	0	63
Homelessness Reserve*	1,214	0	(26)	1,188
House Mortgage Reserve	32	0	(3)	29
Housing Benefit Reserve	1,856	52	(300)	1,608
Housing Options Centre Reserve *	834	0	(140)	694
Housing Support Reserve*	1,453	0	(71)	1,382
ICT Holding A/C Reserve	220	0	(14)	206
Inspectorate Support Reserve	332	28	(24)	336
Integrated Partnership Strategy	31	0	0	31
Invest to Save Reserve	350	0	0	350
Joint Equipment Store - Pooled Budget Reserve	0	126	0	126
Kitchen Improvement Reserve	214	95	0	309
Leisure Income Management System Reserve	150	0	(150)	0
Libraries Book Fund Reserve	10	0	(10)	0
Local Lend a Hand Mortgage Scheme	87	45	0	132
Local Plan Reserve	166	4	0	170
Local Service Board Initiative	46	0	0	46
Major Projects Reserve	2,462	0	(283)	2,179
Members Development	45	0	0	45
Municipal Election Reserve	96	197	0	293
Non-Domestic Rates Due Diligence Reserve	0	60	0	60
Org Development Programme	967	136	(306)	797
Parking Reserve	121	3,874	(3,926)	69
PDD – Impact on Design Reserve	75	0	0	75
Registration Service Improvement	46	0	0	46
Resources Reserve	863	423	(34)	1,252
Scrutiny Development & Training Reserve	72	0	0	72
Social Care - Safeguarding & Preventative Measures Reserve	0	125	0	125
Social Care Technology Reserve	854	0	(93)	761
Sport, Leisure & Culture Reserve	234	0	(189)	45
Valuers Reserve	39	0	(17)	22
Waste Management/Prosiect Gwyrdd Reserve	0	2,020	0	2,020
Workshops Asset Maintenance	12	0	0	12
Youth and Community Education Reserve	491	0	(232)	259
	22,472	20,386	(15,319)	27,539
CARDIFF'S SHARE OF RESERVES OF JOINT COMMITTEES				
Central South Consortium	240	0	(70)	170
Glamorgan Archives	173	0	(75)	98

Notes to the Core Financial Statements

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Prosiect Gwyrdd	53	0	(16)	37
Welsh Purchasing Consortium	25	0	(3)	22
	491	0	(164)	327
Total General Fund Reserves	30,559	31,810	(28,545)	33,824
HRA RESERVES				
Dilapidation Reserve	385	0	(385)	0
HRA / Housing IT Reserve	299	0	(61)	238
Total HRA Reserves	684	0	(446)	238
TOTAL EARMARKED RESERVES	31,243	31,810	(28,991)	34,062

* These reserves have been utilised to fund voluntary severance, these will be repaid over the next three years, see employee changes reserve summary below.

Details are given below for reserves where the balances are in excess of £500,000.

The **Schools Balances** figure of £613,000 debit comprises of two elements. Under Local Management of Schools regulations, schools are able to carry forward surpluses and deficits. These are committed to be spent on schools and are not available to the Council for general use. As at 31 March 2015 Schools' own balances, including the balances of nursery schools amounted to a surplus of **£1.287 million for individual schools** (£334,000 in 2013/14 deficit). However, a deficit balance of £1.9 million has been set up which is the amount of severance and exit costs paid out in 2014/15 which will be paid back by schools over the next five financial years at £480,000 per annum. In addition, the Council has established reserves to allow for contingencies affecting schools. Further details of each individual school's balance at 31 March 2015 are shown on pages 53 to 56.

The **Schools Formula Funding Reserve** is an amount is set aside in order to deal with costs arising from schools that are unable to be met from the funding formula budget.

The **Schools Organisational Plan Reserve** has been set up to fund the capital charges and other costs associated with schools reorganisation resulting from investment in the Schools Organisation Plan and 21st Century Schools.

The **Cardiff Enterprise Zone Reserve** was set-up to support economic regeneration in the vicinity of Cardiff Central Station and to create a new capital city gateway based around a modern public transport interchange.

The **Cardiff Insurance Reserve** has been set up to protect the Council from potential future liabilities based on current insurance policies.

The **Catering Reserve** is held in order to facilitate kitchen improvements as Health & Safety Inspections arise and to complete the roll out of cashless pay systems in secondary Schools. It is envisaged that all secondary schools will have cashless pay systems implemented no later than 31 March 2016. The amount held for kitchen improvements is anticipated to reduce considerably during the year.

The **Employee Changes Reserve** has been set up to meet the costs associated with Voluntary Severance and other employee costs.

The **Energy/Carbon Reduction Reserve** is used to fund any fluctuations to the Council's revenue budget for the payment of Carbon Reduction Allowances or energy costs.

Notes to the Core Financial Statements

The **Highways Local Government Borrowing Initiative Reserve** contains amounts provided by Welsh Government in the 2014/15 revenue settlement to be used to fund future years' revenue borrowing costs.

The **Homelessness Reserve** was established in order to deal with pressures on homelessness in the city. Further pressures are predicted due to the effects of welfare reforms and the introduction of universal credits.

The **Housing Benefit Reserve** will be used to fund home working and landlord liaison schemes and the training of new Benefits and Customer Services Assistants through to 2014/15. It will also be used to fund software development and office accommodation refurbishment costs and to provide further resources that may be required for Housing Benefit debt recovery.

The **Housing Options Centre Reserve** has been set up to fund the capital financing loan charges incurred in building the new Housing Options Centre.

The **Housing Support Reserve** was established to support initiatives and projects aimed at maintaining people's independence in their own homes.

The **Major Projects Reserve** was established to support the costs of major projects.

The **Organisational Development Programme Reserve** has been set up to review the shape and scope of the organisation, the way in which services are delivered, and to implement a new organisational model in order to respond to the current financial challenges. The Organisational Development Programme Reserve provides support to the projects within this programme through the funding of any additional resources, expertise or professional advice that may be required.

The **Resources Reserve** brings together existing earmarked reserves across the Directorate and includes various initiatives such as Office Rationalisation, Legal, Human Resources and Enterprise Architecture. It will also be used to enable future flexibility and support in respect of financial resilience.

The **Social Care Technology Reserve** is required to meet future and potential IT and management information developments and requirements in relation to Adults and Children's Services (social care). The anticipated developments include electronic document and records management, information sharing, electronic time management and the possible replacement of the main social care case recoding system, Care First.

The **Waste Management/Prosiect Gwyrdd Reserve** has been set-up to mitigate the financial impact associated with the volatility of waste tonnages.

Cardiff's share of reserves of Joint Committees. These represent the Council's percentage share of the accumulated balances and reserves of the Joint Committees of which it is a member.

Notes to the Core Financial Statements

Schools Balances

The individual balances of each school are as follows:

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Primary Schools				
Adamsdown Primary School	72	0	(38)	34
Albany Primary School	94	0	(19)	75
All Saints C.W. Primary School	24	16	0	40
Allensbank Primary School	22	0	(2)	20
Baden Powell Primary School	32	116	0	148
Birchgrove Primary School	58	30	0	88
Bishop Childs C.W. Primary School	52	5	0	57
Bryn Celyn Primary School	(21)	29	0	8
Bryn Deri Primary School	27	0	(8)	19
Bryn Hafod Primary School	38	0	(41)	(3)
Christ The King R.C. Primary School	4	19	0	23
Coed Glas Primary School	38	0	(2)	36
Coryton Primary School	(16)	0	(11)	(27)
Creigiau Primary School	57	3	0	60
Danescourt Primary School	(48)	8	0	(40)
Fairwater Primary School	3	12	0	15
Gabalfa Primary School	51	0	(30)	21
Gladstone Primary School	35	29	0	64
Glan Yr Afon Primary School	(11)	25	0	14
Glyncoed Primary School	48	26	0	74
Grangetown Nursery School	19	29	0	48
Grangetown Primary School	29	97	0	126
Greenway Primary School	18	14	0	32
Gwaelod-y-Garth Primary School	23	0	(11)	12
Hawthorn Primary School	1	22	(15)	8
Herbert Thompson Primary School	20	30	0	50
Holy Family R.C. Primary School	15	0	(5)	10
Hywel Dda Primary School	62	14	0	76
ICC Ely/Vachell Rd Nursery	34	0	(77)	(43)
Kitchener Primary School	42	0	(39)	3
Lakeside Primary School	15	11	0	26
Lansdowne Primary School	(8)	10	0	2
Llandaff C.W. Primary School	22	0	(17)	5
Llanedeyrn Primary School	31	75	0	106
Llanishen Fach Primary School	7	49	0	56
Llysfaen Primary School	114	0	(52)	62
Marlborough Primary School	90	37	0	127
Meadowlane Primary School	(26)	88	0	62
Millbank Primary School	33	31	0	64
Moorland Primary School	16	3	0	19

Notes to the Core Financial Statements

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Mount Stuart Primary School	38	13	0	51
Ninian Park Primary School	2	44	0	46
Oakfield Primary School	(24)	0	(23)	(47)
Pencaerau Primary School	17	5	0	22
Pentrebane Primary School	57	41	(30)	68
Pentyrch Primary School	26	0	(4)	22
Pen-y-Bryn Primary School	30	0	(22)	8
Peter Lea Primary School	23	0	(52)	(29)
Radnor Primary School	34	0	(15)	19
Radyr Primary School	43	0	(14)	29
Rhiwbina Primary School	76	0	(26)	50
Rhydypenau Primary School	51	7	0	58
Roath Park Primary School	57	0	0	57
Rumney Primary School	17	0	(7)	10
Severn Primary School	56	0	(16)	40
Springwood Primary School	69	0	(3)	66
St Alban's R.C. Primary School	(176)	3	(20)	(193)
St Bernadette's R.C. Primary School	10	3	0	13
St Cadoc's R.C. Primary School	48	0	(17)	31
St Cuthbert's R.C. Primary School	46	28	0	74
St David's C.W. Primary School	2	4	(10)	(4)
St Fagan's C.W. Primary School	(26)	36	0	10
St Francis R.C. Primary School	56	0	(36)	20
St John Lloyd R.C. Primary School	45	23	0	68
St Joseph's R.C. Primary School	(75)	0	(38)	(113)
St Mary The Virgin C.W. Primary School	40	0	(25)	15
St Mary's R.C. Primary School	(46)	2	0	(44)
St Mellons C.W. Primary School	39	0	(8)	31
St Monica's C.W. Primary School	(48)	0	(45)	(93)
St Patrick's R.C. Primary School	29	0	(15)	14
St Paul's C.W. Primary School	53	5	0	58
St Peter's R.C. Primary School	47	44	0	91
St Philip Evans R.C. Primary School	(15)	109	0	94
Stacey Primary School	29	0	(19)	10
Thornhill Primary School	(7)	27	0	20
Tongwynlais Primary School	37	0	(19)	18
Ton-yr-Ywen Primary School	37	34	0	71
Tredegaville C.W. Primary School	49	0	(52)	(3)
Trelai Primary School	65	0	(27)	38
Tremorfa Nursery School	42	0	(6)	36
Trowbridge Infant School	0	0	0	0
Trowbridge Junior School	0	0	0	0
Trowbridge Primary School	33	0	(13)	20
Whitchurch Primary School	58	79	0	137

Notes to the Core Financial Statements

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Willowbrook Primary School	14	29	0	43
Windsor Clive Primary School	69	54	0	123
Ysgol Bro Eirwg	29	35	0	64
Ysgol Glan Ceubal	(5)	0	(12)	(17)
Ysgol Glan Morfa	(44)	53	0	9
Ysgol Gymraeg Coed-y-Gof	30	57	0	87
Ysgol Gymraeg Treganna	17	3	0	20
Ysgol Melin Gruffydd	45	4	0	49
Ysgol Mynydd Bychan	44	0	(33)	11
Ysgol Nant Caerau	(15)	1	0	(14)
Ysgol Pen y Groes	63	0	(31)	32
Ysgol Pen y Pil	50	0	(12)	38
Ysgol Pencae	9	10	0	19
Ysgol Pwll Coch	24	0	(8)	16
Ysgol Tan yr Eos	0	0	0	0
Ysgol-y-Berllan Deg	24	12	(29)	7
Ysgol-y-Wern	39	14	0	53
Total Primary Schools (net)	2,453	1,607	(1,054)	3,006
Secondary Schools				
Bishop Of Llandaff C.W. High School	(66)	0	(197)	(263)
Cantonian High School	(1,288)	61	0	(1,227)
Cardiff High School	(79)	122	0	43
Cathays High School	32	0	(3)	29
Corpus Christi R.C. High School	(42)	104	0	62
Eastern High School	0	140	0	140
Fitzalan High School	0	22	0	22
Glyn Derw High School	(161)	0	(150)	(311)
Llanedeyrn High School	0	0	0	0
Llanishen High School	73	0	(68)	5
Llanrumney High School	0	0	0	0
Mary Immaculate High School	(75)	141	0	66
Michaelston Community College	(550)	0	(317)	(867)
Radyr Comprehensive	99	15	(15)	99
Rumney High School	(381)	381	0	0
St Illtyd's R.C. High School	14	7	(8)	13
St Teilo's C.W. High School	(250)	337	0	87
Whitchurch High School	(80)	0	(125)	(205)
Willows High School	3	0	(47)	(44)
Ysgol Gyfun Bro Edern	47	13	0	60
Ysgol Gyfun Gymraeg Glantaf	98	105	0	203
Ysgol Gyfun Gymraeg Plasmawr	(65)	0	(110)	(175)
Total Secondary Schools (net)	(2,671)	1,448	(1,040)	(2,263)
Special Schools				
Greenhill School	125	0	(29)	96

Notes to the Core Financial Statements

	Balance 31 March 2014 £000	Contributions		Balance 31 March 2015 £000
		From Revenue £000	To Revenue £000	
Meadowbank School	86	0	(13)	73
Riverbank School	59	15	0	74
The Court School	73	6	0	79
The Hollies School	79	5	(32)	52
Ty Gwyn School	62	98	0	160
Woodlands High School	68	0	(58)	10
Total Special Schools (net)	552	124	(132)	544
Amount in respect of schools voluntary severance	0	0	(1,900)	(1,900)
Total Schools Balances (net)	334	3,179	(4,126)	(613)

Notes to the Core Financial Statements

Parking Reserve

The Parking Reserve is generated from surpluses achieved from Civil Parking Enforcement (CPE). The use of any surplus is governed by Section 55 of the Road Traffic Regulations Act 1984 which specifies that the surplus may be used to fund operational costs including subsidising the enforcement service, supporting public passenger transport services, transport planning and road safety, maintaining off-street car parks and highway improvement work.

2013/14 £000		2014/15 £000
	Income	
(4,029)	On-street pay car parking fees	(3,917)
(2,150)	Penalty charge notices	(2,077)
(142)	Residents parking permits	(254)
(230)	Off-Street car parking fees	(667)
0	Moving Traffic Offences	(848)
(48)	Other income	(54)
(6,599)	Total Income	(7,817)
	Expenditure	
947	Operational costs and Traffic Regulation Orders	1,341
2,775	Enforcement service	2,602
3,722	Total Expenditure	3,943
(2,877)	Civil Parking Enforcement Net (Surplus)/Deficit	(3,874)
	Movements to/(from) Parking Reserve:	
681	Balance 1 April 2014	121
2,877	Contributions from CPE	3,874
(3,437)	Contributions to revenue*	(3,926)
121	Balance 31 March 2015	69

* Eligible expenditure totalling **£3.926 million** was drawn down from the reserve leaving a balance of £69,000 at the 31 March 2015.

3. Non-Distributed Costs and Exceptional Items

Non-Distributed Costs (NDC) amount is made up of £2.878 million in relation to IAS 19 past service costs, £663,027 in relation to accommodation, £150,930 in relation to Carbon Reduction and £35,181 in relation to Equal Pay compensation.

There are no **Exceptional Items** in 2014/15. Exceptional Items in 2013/14 include £5.056 million in relation to impairment of loans owed by Glamorgan County Cricket Club for the redevelopment of the stadium.

4. Amounts reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

The service analysis, HRA and Harbour figures in the first two columns of the reconciliation to subjective analysis tables on pages 61 to 62 are based on the reported Outturn for Council Fund services which will

Notes to the Core Financial Statements

be reported to the Cabinet Meeting of the Council in July 2015. The Outturn for the Housing Revenue Account (HRA) is reported separately at the same meeting. The figures for the Harbour Authority are based on the Council's ledger at the same date. These figures include some depreciation charges and the corresponding reversing entry which is required in order to neutralise the impact on Council Tax.

Not included in Net Cost of Services

Certain types of income and expenditure which are included in the reported Outturn are required to be excluded from the Net Cost of Services and shown as either corporate amounts or included in the statutory adjustment accounts. These include the following:

- Employers pension contributions
- Appropriations to earmarked reserves and balances
- Direct revenue financing costs
- Voluntary revenue provision made by Directorates
- Transfers to capital reserves included in HRA and Harbour revenue accounts
- Interest payable and receivable
- Precepts and levies

Amounts not reported to management for decision making

Items included in the above classification mainly cover adjustments that are required under the IFRS Code.

The following are reversed out in the statutory adjustment accounts ensuring that they do not impact on Council tax:

- Adjustments required under IAS19 in respect of accounting for pension costs and accruing for untaken leave.
- Other items including the reclassification of certain operating lease rentals into finance leases; elimination of agency expenditure and income; a reclassification between income and expenditure.

Other items include:

- The Council's share of the transactions of those Joint Committees of which it is a member are required to be added into its Comprehensive Income Expenditure Statement on a line-by-line basis instead of being shown as a contribution to each Joint Committee.
- Additional capital journals that are input as 'technical adjustments' after the reported Outturn is determined.

Adjustment for recharges

The presentation of figures in the Council's Outturn report is based on the cash limit budgets of Directorates. Support service recharges are largely shown in the directorate that is responsible for the expenditure. However, some internal income is netted off against expenditure.

In the Comprehensive and Income Expenditure Statement all internal recharging between Directorates is eliminated.

Notes to the Core Financial Statements

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 (Restated) £000		2014/15 £000
593,007	Net expenditure in Service Area Analysis (including Harbour)	583,547
(964)	Services not included in Service Area Analysis (HRA)	(314)
(529,630)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(16,893)
672,643	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	6,888
0	Amounts in respect of presentation of internal recharges	0
735,056	Net Cost of Services in Comprehensive Income & Expenditure Statement	573,228

The income and expenditure of the Council's principal Directorates recorded in the budget reports for 2014/15 is as follows:

	Health & Social Care (including asylum seekers) £000	Education £000	Sports, Leisure & Culture £000	Environment £000	Communities, Housing & Customer Services £000	Strategic Planning, Highways and T&T £000	Other Service Areas (including Harbour) £000	Total £000
Fees, charges and other service income	(6,128)	(28,655)	(32,692)	(10,950)	(15,632)	(19,840)	(23,583)	(137,480)
Government grants	(10,058)	(50,225)	(2,672)	(9,171)	(191,614)	(2,399)	(18,627)	(284,766)
Total Income	(16,186)	(78,880)	(35,364)	(20,121)	(207,246)	(22,239)	(42,210)	(422,246)
Employee expenses	24,997	237,401	27,061	24,077	24,583	14,699	60,403	413,221
Other service expenses	89,206	66,569	23,007	17,234	224,326	32,615	136,397	589,354
Support service recharges	2,483	5,701	1,304	5,290	584	1,814	(13,958)	3,218
Total Expenditure	116,686	309,671	51,372	46,601	249,493	49,128	182,842	1,005,793
Net Expenditure	100,500	230,791	16,008	26,480	42,247	26,889	140,632	583,547

Notes to the Core Financial Statements

Comparative data for 2013/14 is as follows:

	Health & Social Care (including asylum seekers) £000	Education £000	Sports, Leisure & Culture £000	Environment £000	Communities, Housing & Customer Services £000	Strategic Planning, Highways and T&T £000	Other Service Areas (including Harbour) £000	Total £000
Fees, charges and other service income	(6,669)	(27,579)	(31,309)	(8,753)	(15,222)	(17,014)	(31,144)	(137,690)
Government grants	(10,171)	(47,442)	(2,591)	(8,856)	(187,302)	(1,975)	(14,933)	(273,270)
Total Income	(16,840)	(75,021)	(33,900)	(17,609)	(202,524)	(18,989)	(46,077)	(410,960)
Employee expenses	27,623	234,214	29,442	27,210	24,497	16,742	65,330	425,058
Other service expenses	83,079	69,180	22,942	14,882	220,270	35,858	127,830	574,041
Support service recharges	3,314	5,157	1,248	4,669	716	2,199	(12,435)	4,868
Total Expenditure	114,016	308,551	53,632	46,761	245,483	54,799	180,725	1,003,967
Net Expenditure	97,176	233,530	19,732	29,152	42,959	35,810	134,648	593,007

Notes to the Core Financial Statements

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Directorate analysis (including Harbour) £000	HRA £000	Not included in Net Cost of Services £000	Allocation of recharges £000	Not reported to management for decision making £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(109,208)	(64,674)	2,097	168,892	(183,915)	(186,808)	0	(186,808)
Interest & investment income	(165)	(65)	68	0	162	0	(1,091)	(1,091)
Income from Council Tax	0	0	0	0	0	0	(164,720)	(164,720)
Government grants & contributions	(284,766)	(748)	12,262	0	(16,270)	(289,522)	(477,759)	(767,281)
Capital Financing reversals (Net)	(28,107)	(481)	23,224	0	5,364	0	0	0
Change in fair value of investment properties	0	0	(80)	0	80	0	(6,230)	(6,230)
Gain/loss on disposal of fixed assets	0	0	(4,189)	0	4,189	0	(4,188)	(4,188)
Total Income	(422,246)	(65,968)	33,382	168,892	(190,390)	(476,330)	(653,988)	(1,130,318)
Employee expenses	413,221	10,487	0	(14,723)	15,253	424,238	0	424,238
Other service expenses	496,585	37,910	(1,870)	(96,608)	122,359	558,376	0	558,376
Support service recharges	3,218	5,789	(2,111)	(56,611)	51,793	2,078	0	2,078
Depreciation, amortisation, impairment & REFCUS	0	0	0	(950)	65,816	64,866	0	64,866
Interest payments	19,818	4,806	(4,806)		(19,818)	0	24,616	24,616
Interest on net defined benefit liability/asset	0	0	0	0	0	0	19,416	19,416
Precepts & levies	16,984	0	0	0	(16,984)	0	43,651	43,651
Capital financing	55,967	6,662	(17,707)	0	(44,922)	0		0
Total expenditure	1,005,793	65,654	(26,494)	(168,892)	173,497	1,049,558	87,683	1,137,241
(Surplus)/deficit on provision of services	583,547	(314)	6,888	0	(16,893)	573,228	(566,305)	6,923

Notes to the Core Financial Statements

2013/14	Directorate analysis incl. Harbour £000	HRA £000	Not included in Net Cost of Services £000	Allocation of recharges £000	Not reported to management for decision making £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(102,794)	(62,496)	724,085	186,532	(901,752)	(156,425)	0	(156,425)
Interest & investment income	(859)	(65)	162	0	762	0	(1,199)	(1,199)
Income from Council Tax	0	0	0	0	0	0	(157,258)	(157,258)
Government grants & contributions	(273,270)	(659)	746	0	(9,473)	(282,656)	(517,136)	(799,792)
Capital Financing reversals (Net)	(34,037)	(645)	60,592	0	(25,910)	0	0	0
Gain/loss on disposal of fixed assets	0	0	0	0	0	0	(671)	(671)
Total Income	(410,960)	(63,865)	785,585	186,532	(936,373)	(439,081)	(676,264)	(1,115,345)
Employee expenses	425,058	10,139	(43,360)	(14,235)	67,475	445,077	0	445,077
Other service expenses	493,083	36,058	(1,515)	(100,110)	119,697	547,213	0	547,213
Support service recharges	4,868	5,674	(1,723)	(57,256)	49,194	757	0	757
Depreciation, amortisation, impairment & REFCUS	0	0	0	(14,931)	196,021	181,090	0	181,090
Interest payments	19,037	4,756	(4,782)	0	(19,011)	0	23,873	23,873
Interest on net defined benefit liability/asset	0	0	0	0	0	0	30,055	30,055
Precepts & levies	17,395	0	(17,395)	0	0	0	42,656	42,656
Change in fair value of investment properties	0	0	0	0	0	0	162	162
Capital financing	44,526	6,274	(44,167)	0	(6,633)	0	0	0
Total expenditure	1,003,967	62,901	(113,022)	(186,532)	406,823	1,174,137	96,746	1,270,883
(Surplus)/deficit on provision of services	593,007	(964)	672,643	0	(529,630)	735,056	(579,518)	155,538

Notes to the Core Financial Statements

5. Harbour Authority & Associated Activities

The following accounts are extracted from the Council's accounts and relate to functions transferred to the Council following the winding up of Cardiff Bay Development Corporation (CBDC) on 31 March 2000. These accounts are required by the Welsh Government and comprise an Income and Expenditure Statement and Balance Sheet. They are consolidated into the Council's accounts but are shown separately for information purposes. A separate set of accounts have been prepared in accordance with the 1964 Harbours Act and can be seen from page 198.

2013/14 £000	Harbour Authority Income & Expenditure Statement	2014/15 £000
	Income	
(8,659)	Government Grants	(6,324)
(898)	Fees and Charges	(884)
(227)	Capital Grants Applied	(324)
(9,784)	Total Income	(7,532)
	Expenditure	
3,278	Employees	2,607
2,500	Premises	1,298
86	Transport	73
1,884	Supplies and Services	2,263
973	Support Services	628
7	Third Party Payments	6
4,489	Depreciation	3,029
13,217	Total Expenditure	9,904
3,433	Net Expenditure for the year	2,372
	Appropriations from reserves:	
	Contributions to/(from) Capital Adjustment Account in respect of	
(4,489)	- Depreciation charged to income & expenditure	(3,029)
227	- Capital Grants Applied	324
415	- Capital expenditure funded from revenue resources	0
4	Contribution from Accumulated Absences account	(4)
(86)	Contributions to/(from) Pensions Reserve	57
496	Contributions to/(from) Project & Contingency Fund	280
0	(Surplus)/Deficit for the year	0

2014/15 is the first year of a revised 3 year agreement with Welsh Government for the management of the Harbour Authority and associated activities.

Notes to the Core Financial Statements

31 March 2014 £000	Harbour Authority Balance Sheet	31 March 2015 £000
	Property, plant and equipment	
7,571	Land and Buildings	7,532
255	Vehicles, Plant, Furniture & Equipment	338
165,903	Infrastructure	163,218
1,103	Community Assets	1,103
475	Surplus Assets	475
56	Heritage Assets	56
191	Intangible Assets	128
175,554	Long-term assets	172,850
1,113	Stocks and Work in Progress	485
951	Debtors	537
910	Cash	1,986
2,974	Current assets	3,008
(2,591)	Creditors	(2,424)
(2,591)	Current liabilities	(2,424)
175,937	Net assets	173,434
	Financed by:	
170,616	Capital Adjustment Account	167,946
4,863	Revaluation Reserve	4,828
491	Project & Contingency Fund	697
(33)	Accumulated absences account	(37)
175,937	Total Reserves	173,434

Notes to the Core Financial Statements

6. Precepts and Levies

	2013/14 £000	2014/15 £000
Precepts		
Police and Crime Commissioner for South Wales	25,012	26,411
Community Councils:		
Lisvane	31	34
Pentyrch	80	80
Radyr	79	79
St Fagans	18	18
Old St Mellons	26	26
Tongwynlais	18	19
	25,264	26,667
Levies & Contributions		
South Wales Fire & Rescue Service	17,076	16,650
Caldicot & Wentloog Drainage Board	168	171
Cardiff Port Health Authority	144	158
Newport Health Authority	4	5
	17,392	16,984

7. Participation in Joint Committees

During 2014/15 the Council was lead Authority for three Joint Committees:

- **Glamorgan Archives Joint Committee** which is responsible for the management and administration of the Glamorgan Records Office (GRO).
- **Prosiect Gwyrd** has been established in order to jointly procure a residual waste treatment facility.
- **The Welsh Purchasing Consortium** has been established to support the Member Authorities in delivering joint, collaborative contracts and framework agreements for the procurement of goods and services.

For 2014/15 the revenue contributions made to these Committees were: **Glamorgan Archives £218,141** (£242,378 in 2013/14); **Prosiect Gwyrd £26,000** (£83,333 in 2013/14); **Welsh Purchasing Consortium £12,150** (£13,500 in 2013/14).

The Council is also a member of the **Central South Consortium Joint Education Service** which was created on 1 September 2012. The revenue contributions made to this committee for 2014/15 were **£1.550 million** (£1.535 million in 2013/14).

The Council has included its share of the transactions and balances of each Joint Committee in its 2014/15 accounting statements on a line-by-line basis. The exception is the funding of the Glamorgan Record Office, where each Authority included within its own accounts how it has paid for its contribution towards the Glamorgan Record Office building.

8. Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the council and the Police Authority for the forthcoming year and dividing this amount by the council tax base. The council tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totalled across all bands and adjusted for discounts. Cardiff's **council tax base** for 2014/15 was **138,759** (137,979 for 2013/14).

Notes to the Core Financial Statements

The amounts for a band D property in Cardiff during 2014/15 were as follows:

Band D Council Tax:	2013/14	2014/15
	£	£
The County Council of the City and County of Cardiff	937	974
Police and Crime Commissioner for South Wales	181	190
TOTAL	1,118	1,164

The above amount (£1,164) is multiplied by the proportion specified for the particular band (see following table) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

Analysis of the net proceeds from council tax:

	2013/14	2014/15
	£000	£000
Council Tax collectable	(158,206)	(165,499)
Provision for non-payment of Council Tax	948	779
	(157,258)	(164,720)

The following table shows the cumulative provision for non-payment of Council Tax held at the Balance Sheet date:

31 March 2014 £000		31 March 2015 £000
(5,996)	Council Tax Bad Debt Provision	(5,596)

9. Non-Domestic Rates

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate (47.3p in 2014/15 and 46.4p in 2013/14) and, subject to the effects of transitory arrangements; local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to local Authorities on the basis of a fixed amount per head of population.

The NDR income, after relief and provision, of **£178,575,755** for 2014/15 (£181,839,744 for 2013/14) was based on a total rateable value of **£467,399,165** for 2014/15 (£468,945,159 for the year 2013/14).

Analysis of the net proceeds from non-domestic rates:

	2013/14	2014/15
	£000	£000
Non-Domestic Rates collectable	181,840	178,576
Cost of collection allowance	(877)	(879)
Provision for non payment of NDR	(4,109)	(4,305)
Payment into national pool	176,854	173,392
Redistribution from national pool	(107,229)	(109,695)

Notes to the Core Financial Statements

10. Agency Income & Expenditure

The Council acts as an agent on behalf of the **Welsh Government** for the collection of **Non Domestic Rates**. A net debtor of **£22,227,015** (£11,274,484 in 2013/14) is shown in the balance sheet which represents the amount by which the cash paid over to Welsh Government exceeds the amount collected from ratepayers.

During 2014/15, the Council carried out work on behalf of the **South Wales Trunk Road Agency** under an agency agreement. The Council is fully reimbursed for this work. The total reimbursement received **£538,353** in 2014/15 (£564,424 in 2013/14).

The Council acts as an agent on behalf of the **Welsh Government** to provide loans to bring back unused properties into homes. At 31/3/2014 the balance available for loans was £717,051. A further £495,000 was received from Welsh Government to provide additional loans. During the year **loans totalling £1,228,761** were awarded and **loans of £85,000 were repaid**, leaving a balance available for loans of **£68,290** at 31 March 2015.

11. Remuneration

11.1. The Accounts and Audit (Wales) Regulations 2014 require the ratio of the remuneration of the Chief Executive to the median remuneration of all the body's employees. The multiple between the median full time equivalent earnings and the Chief Executive in 2014/15 was 1:8. The median full time equivalent earnings for 2014/15 was £20,400.

11.2. The Accounts and Audit (Wales) Regulations 2014 also requires that the number of employees, whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. The following table includes all staff that falls within this category including teaching staff and those whose remuneration is disclosed in more detail in note 11.3.

The figures include all taxable remuneration received in the year, including in some cases, severance payments but exclude employers pension contributions and any expenses that are not chargeable to UK income tax.

The figures also include individuals directly employed by the governing bodies of several Voluntary-Aided, Voluntary-Controlled and Foundation Schools, rather than by the Council. The employee costs relating to these individuals are included with the Authority's Net Cost of Services and, therefore, these individuals are included in the table below.

Remuneration band £	Number of Employees	
	2013/14	2014/15
60,000-64,999	90	90
65,000-69,999	37	28
70,000-74,999	15	8
75,000-79,999	8	15
80,000-84,999	13	6
85,000-89,999	8	6
90,000-94,999	4	8
95,000-99,999	2	0
100,000-104,999	5	2
105,000-109,999	3	2
110,000-114,999	2	1
115,000-119,999	1	10
120,000-124,999	0	1
125,000-129,999	0	0

Notes to the Core Financial Statements

Remuneration band £	Number of Employees	
	2013/14	2014/15
130,000-134,999	0	0
135,000-139,999	1	1
140,000-144,999	0	1
145,000-149,999	0	0
150,000-154,999	0	1
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	0	1
170,000-174,999	0	0
175,000-179,999	0	1

11.3. Further disclosure is required in respect of the individual remuneration details of senior employees (Chief Officers and Heads of Function and above) whose salary is £60,000 or more per annum but less than £150,000, identified by job title. Employees whose salary is £150,000 or more on an annualised basis are required to be identified by name.

No bonuses have been paid during 2014/15 (2013/14 - £nil)

The following persons fell within this definition for **2014/15**

2014/15 Post title	Salary, fees and allowances £	Taxable benefits £	Compensation for loss of employment		Employers pension contribution (23.9% of salary) £	Total £
			Received via payroll (taxable) (a) £	Received via creditors (non taxable) £		
Paul Orders, Chief Executive	166,937	0	0	0	38,228	205,165
Corporate Director Resources & Section 151 Officer (a)	127,658	0	0	0	29,233	156,891
Director Children's Services	118,551	20	0	0	26,985	145,556
Director Education & Lifelong Learning	117,990	59	0	0	26,985	145,034
Director Health & Social Care	118,008	8	0	0	26,985	145,001
Director Environment	117,962	42	0	0	26,985	144,989
Director Communities, Housing & Customer Services	117,838	0	0	0	26,985	144,823
Director Sport, Leisure & Culture	117,838	0	0	0	26,985	144,823
County Clerk & Monitoring Officer	117,838	0	0	0	26,985	144,823
Director Strategic Planning, Highways, Traffic & Transport	117,838	0	0	0	26,985	144,823
County Solicitor	117,838	0	0	0	26,985	144,823
Director Economic Development	117,378	0	0	0	26,880	144,258
Chief HR Officer	78,252	0	0	0	17,920	96,172

Notes to the Core Financial Statements

a) In addition to the remuneration fees detailed in the table above, Corporate Director Resources received fees relating to Returning Officer duties of £13,080 (£1,957 in 2013/14).

b) As the result of a one-off budget saving implemented for 2014/15 all Council officers salaries were reduced by 1.8% in 2014/15. Therefore none of the officers identified above will have achieved their normal annualised salaries in 2014/15. Normal annualised salaries for the officers identified above are as follows:

- Chief Executive - £170,000
- Corporate Director Resources - £130,000
- Directors, County Clerk & Monitoring Officer, County Solicitor - £120,000
- Chief HR Officer - £80,000

Comparative data for 2013/14 is as follows:

2013/14	Salary, fees and allowances	Taxable benefits	Compensation for loss of employment		Employers pension contribution (23.9% of salary)	Salary, fees and allowances
			Received via payroll (taxable) (a)	Received via creditors (non taxable)		
Post title	£	£	£	£	£	£
Christine Salter, Interim Head of Paid Service, Corporate Director Resources and Section 151 Officer, Corporate Chief Officer, Corporate and Section 151 Officer (a)	136,957	0	0	0	32,733	169,690
Director Communities, Housing & Customer Services, Corporate Chief Officer, Communities (b)	115,787	0	0	0	27,673	143,460
Director Economic Development, Chief Officer, City Development (c)	111,990	0	0	0	26,766	138,756
Corporate Director Operations, Chief Operating Officer (Leaving Date 05/01/2014) (d)	103,338	0	0	0	23,771	127,109
Chief Officer, Legal and Democratic Services (Leaving Date 31/07/2013) (e)	42,531	0	61,968	0	10,592	115,091
Jonathan House, Chief Executive (Leaving Date 07/07/2013)(f)	96,285	0	0	0	11,804	108,089
Director Sport, Leisure & Culture (Commenced 15/07/2013) (g)	85,484	0	0	0	20,431	105,915
Chief HR Officer, Corporate Chief Officer, Shared (h)	84,935	0	0	0	20,299	105,235
Assistant Director Sport, Leisure & Culture, Chief Officer, City Management (i)	81,663	0	0	0	19,517	101,180
Director Health & Social Care (Commenced 29/07/2013) (j)	81,270	0	0	0	19,351	100,621
Assistant Director Environment, Chief Officer, City Services (k)	81,167	0	0	0	19,399	100,566
Director Children Services (Commenced 05/08/2013) (l)	78,710	52	0	0	18,812	97,574
Director Education & Lifelong Learning (Commenced 12/08/2013) (m)	76,571	0	0	0	18,272	94,843

Notes to the Core Financial Statements

2013/14	Salary, fees and allowances	Taxable benefits	Compensation for loss of employment		Employers pension contribution (23.9% of salary)	Salary, fees and allowances
			Received via payroll (taxable) (a)	Received via creditors (non taxable)		
Post title	£	£	£	£	£	£
Chief Officer, Adults Services (Leaving Date 03/06/2013) (n)	17,582	0	71,696	0	3,513	92,791
Director Environment (Commenced 19/08/2013) (o)	74,194	0	0	0	17,732	91,926
County Clerk & Monitoring Officer (Commenced 19/08/2013) (p)	74,194	0	0	0	17,732	91,926
Assistant Director Customer Services & Communities, Head of Service, Customer Services (q)	73,583	0	0	0	17,586	91,169
Interim Section 151 Officer and Operational Manager Project & Technical Accountancy (r)	71,261	0	0	0	17,031	88,292
Head of Service, Internal Services (Leaving Date 31/10/2013) (s)	49,238	11	29,700	0	8,953	87,902
Head of Service, Regulatory and Supporting Services (t)	70,393	88	0	0	16,786	87,267
Head of Service, Scrutiny, Performance and Improvement	70,128	0	0	0	16,761	86,889
Director Strategic Planning, Highways, Traffic & Transport (Commenced 02/09/2013) (u)	69,637	0	0	0	16,650	86,287
County Solicitor (Commenced 09/09/2013) (v)	67,333	0	0	0	16,093	83,426
Head of Service, Community Facilities, Operational Manager Programme Manager (w)	64,459	18	0	0	15,348	79,825
Paul Orders, Chief Executive (Commenced 09/12/2013) (x)	53,011	0	0	0	12,670	65,681
Project Officer (Leaving Date 11/06/2013) (y)	19,671	0	0	29,700	4,701	54,072

- a) Interim Head of Paid Service from 08/07/2013 – 08/12/2013. Annualised salary of £156,000. Corporate Director Resources & Section 151 Officer from 03/06/2013 – 07/07/2013 and then from 09/12/2013. Annualised salary of £130,000. Corporate Chief Officer, Corporate and Section 151 Officer until 02/06/2013. Annualised salary of £107,088. In addition to the remuneration fees detailed in the table above, Christine Salter received fees relating to Returning Officer duties of £1,957 (£nil in 2012/13).
- b) Director Communities, Housing & Customer Services from 03/06/2013. Annualised salary of £120,000. Corporate Chief Officer, Communities until 02/06/2013. Annualised salary of £95,538.
- c) Director Economic Development from 03/06/2013. Annualised salary of £120,000. Chief Officer City Development until 02/06/2013. Annualised salary of £73,491.
- d) Corporate Director Operations from 03/06/2013 until leaving the Authority on 05/01/2014. Annualised salary of £120,000. Chief Operating Officer until 02/06/2013. Annualised salary of £131,235.
- e) Chief Officer, Legal & Democratic Services left the Authority on 31/07/2013. Annualised salary of £83,991.

Notes to the Core Financial Statements

- f) Jonathan House, Chief Executive left the Authority on 07/07/2013. Annualised salary of £183,726.
- g) Director Sport, Leisure & Culture commenced 15/07/2013. Annualised salary of £120,000.
- h) Chief HR officer from 03/06/2013. Annualised salary of £80,000. Corporate Chief Officer, Shared until 02/06/2013. Annualised salary of £99,741.
- i) Assistant Director Sport, Leisure & Culture from 01/09/2013. Annualised salary of £80,000. Chief Officer City Management until 31/08/2013. Annualised salary of £83,991.
- j) Director Health & Social Care commenced 29/07/2013. Annualised salary of £120,000.
- k) Assistant Director Environment from 01/09/2013. Annualised salary of £80,000. Chief Officer City Services until 31/08/2013. Annualised salary of £82,800.
- l) Director Children's Services commenced 05/08/2013. Annualised salary of £120,000.
- m) Director Education & Lifelong Learning commenced 12/08/2013. Annualised salary of £120,000.
- n) Chief Officer Adult's Services left the Authority 03/06/2013. Annualised salary of £83,991.
- o) Director Environment commenced 19/08/2013. Annualised salary of £120,000.
- p) County Clerk & Monitoring Officer commenced 19/08/2013. Annualised salary of £120,000.
- q) Assistant Director Communities & Customer Services from 25/11/2013. Annualised salary of £80,000. Head of Service, Customer Services until 24/11/2013. Annualised salary of £70,128.
- r) Interim Section 151 Officer from 08/07/2013 until 08/09/2013. Annualised Salary of £76,838. Operational Manager Project & Technical Accountancy. Annualised Salary of £64,032.
- s) Head of Services, Internal Services left the Authority on 31/10/2013. Annualised salary of £64,218.
- t) Head of Service Regulatory & Supporting Services reports to Director Environment from 01/09/2013. Prior to this date the post reported directly to Corporate Chief Officer, Communities and remuneration was deemed required to be disclosed as part of this note for 2012/13. Therefore to maintain consistency of treatment it was also disclosed for 2013/14.
- u) Director Strategic Planning, Highways, Traffic & Transport commenced 02/09/2013. Annualised salary of £120,000.
- v) County Solicitor commenced 09/09/2013. Annualised salary £120,000.
- w) Head of Service Community Facilities until 16/03/2014. Annualised salary of £64,218. This post no longer exists but reported to Corporate Director Communities, Housing & Customer Service from 03/06/2013 until 16/03/2014. Prior to this it reported directly to Corporate Chief Officer, Communities and remuneration was deemed required to be disclosed as part of this note for 2012/13. Therefore to maintain consistency of treatment it was also disclosed for 2013/14. Post holder then occupied post of Operational Manager from 17/03/2014. Annualised salary of £51,945.
- x) Paul Orders, Chief Executive commenced 09/12/2013. Annualised salary of £170,000.
- y) Project Officer left the Authority on 11/06/2013. Annualised salary of £99,741. Project Officer post reported directly to the former Chief Executive and therefore remuneration was disclosed for 2013/14.
- z) In 2013/14 payments of £13,300 (£156,100 in 2012/13) were made to Windsor Transformational Education Services Ltd for payments to service as Corporate Director, People.

The numbers of **exit packages** with total cost per band and the total cost of the compulsory and other redundancies for 2013/14 and 2014/15 are set out in the tables below. The total costs of the exit packages identified below are made up of two elements. The first element is the one off payment made to an individual as compensation for loss of employment through either Voluntary Severance or Compulsory Redundancy. The second element is the cost of the additional contributions the Authority is required to make to the Pension Fund in respect of the individuals who are leaving the Authority. This is known as the Pension Strain cost.

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
£0 - £20,000	36	295	331	2,841,328
£20,001 – £40,000	21	215	236	6,512,672

Notes to the Core Financial Statements

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£40,001 – £60,000	2	46	48	2,363,107
£60,001 – £80,000	1	15	16	1,123,442
£80,001 – £100,000	0	12	12	1,088,877
£100,001 – £150,000	2	7	9	1,067,185
Total	62	590	652	14,996,611

2013/14 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	21	257	278	2,739,392
£20,001 – £40,000	11	162	173	4,623,123
£40,001 – £60,000	0	50	50	2,454,227
£60,001 – £80,000	2	21	23	1,537,634
£80,001 – £100,000	0	11	11	980,211
£100,001 – £150,000	0	11	11	1,253,820
Total	34	512	546	13,588,407

The total amount of **Members' Allowances** (including basic and special responsibility) paid in 2014/15 was **£1,289,268** (£1,287,408 in 2013/14). As required by the Code this figure includes all remuneration paid to members including basic and special allowances, care allowances, and expenses which are directly reimbursed.

12. Health Act 1999 Pooled Funds and Similar Arrangements

The Cardiff and Vale Joint Equipment Store (JES) is a section 33 partnership agreement between Cardiff and Vale of Glamorgan local Authorities and the Cardiff and Vale UHB for the provision of an integrated community equipment service serving the combined Cardiff and Vale region. The agreement came into effect on 1 January 2012. The Authority's transactions are included in the Health and Social Care line of the income and expenditure account. Income and expenditure for the pooled budget arrangements for the year ending 31 March 2015 is as follows:

2013/14 £000		2014/15 £000
	Expenditure	
1,673	Equipment	1,639
102	Contribution to Overheads	124
1,775	Total Expenditure	1,763
	Funding	
1,148	Cardiff and Vale UHB	1,194
426	Cardiff Council	418
201	Vale of Glamorgan Council	277

Notes to the Core Financial Statements

1,775	Total Funding	1,889
0	Surplus transferred to JES Partnership Reserve	126

13. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in the subjective analysis in [note 32](#) on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in [note 32](#).

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in [note 11](#). Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. During 2014/15, goods and services to the value of **£8,065,836** were commissioned from companies in which members had an interest (£7,608,507 in 2013/14). Grants totalling **£2,627,448** (£2,859,180 in 2013/14) were paid to voluntary organisations in which members had an interest.

Officers - details of Officers' emoluments are shown in [note 11](#) to the Core Financial Statements. During 2014/15, the Council received income of £1,530 from Chief Officers relating to the repayment of loans taken out under the Assisted Car Purchase Scheme (£128 in 2013/14). In 2014/15 no goods and services were commissioned from companies in which Chief Officers had an interest. (£nil in 2013/14).

Subsidiary Companies - the Council has four subsidiary companies, Cardiff City Transport Services Ltd. (Cardiff Bus), Cardiff Business Technology Centre (CBTC), Cardiff & Co and Cardiff Business Council. Details of transactions with these companies are shown in [note 26](#) to the Core Financial Statements.

Cardiff Medicentre is a joint venture between the Council, Cardiff University, the Welsh Government and Cardiff and Vale University Health Board. Details of transactions with Medicentre are shown in [note 26](#) to the Core Financial Statements.

Pension Fund – details of pension contributions paid over to the Pension Fund are shown in [note 19](#) to the Core Financial Statements.

Precepts and Levies – details of precepts collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in [note 6](#) to the Core Financial Statements.

Police and Crime Commissioner for South Wales – the precept paid to Police and Crime Commissioner for South Wales during 2014/15 is detailed in [note 6](#) to the Core Financial Statements. In addition to this, the Council made payments of £197,000 to SWPA during 2014/15 (£193,000 in 2013/14).

Related Party Balances

As at 31 March 2015 the following balances were held in respect of related parties:

31 March 2014			31 March 2015	
Debtors £000	Creditors £000		Debtors £000	Creditors £000
18,391	(7,223)	Central Government Grants	30,604	(5,675)
31	(206)	Cardiff City Transport Services Ltd	29	(117)

Notes to the Core Financial Statements

339	(13)	Medicentre/CBTC/Cardiff Business Council	144	(55)
4	0	Chief Officers and above – outstanding car loan balances	3	0
0	0	Precepting Bodies	0	0
75	(52)	Companies in which members' interests declared/other	185	(26)

14. External Audit Costs

In 2014/15 the Council incurred the following fees relating to external audit and inspection:

	2013/14 £000	2014/15 £000
Fees payable to Wales Audit Office for external audit services	461	421
Fees payable to Wales Audit Office in respect of statutory inspection	0	0
Fees payable to Wales Audit Office for the certification of grant claims and returns	117	118
Fees payable in respect of Public Interest Disclosure Act	0	0
Total	578	539

At the end of 2013/14, a refund of £94,100 was due from the Wales Audit Office and has been received during 2014/15. This one-off redistribution resulted from the new accounting regime for the Wales Audit Office under the Public Audit (Wales) Act 2013.

15. Trading Accounts Summary

The following table summarises the results of the Council's trading activities in those areas where it is operating in a commercial environment. The following figures have been compiled in accordance with the requirements of the 2014/15 Code and SERCOP. Net capital charges, which include depreciation and impairment, are shown separately.

	2013/14		2014/15		
	Trading (Surplus) /Deficit	Income	Net Capital Charges	Other Expenditure	Trading (Surplus) /Deficit
	£000	£000	£000	£000	£000
Bereavement & Registration	437	(3,294)	206	3,308	220
Cardiff Castle	95	(3,337)	51	2,929	(357)
Commercial Catering	297	(2,381)	0	2,343	(38)
Community Maintenance Services	0	(8,203)	0	8,127	(76)
Education Cleaning	415	(4,231)	0	4,389	158
Land & Buildings & Workshops	5,944	(5,526)	440	2,010	(3,076)
Leisure Centres	6,072	(5,971)	2,245	11,005	7,279
New Theatre	1,068	(4,607)	101	5,526	1,019
Non Housing Building Maintenance	65	(11,473)	0	11,191	(282)
Non Schools Cleaning	(35)	(1,607)	0	1,612	5
Schools Catering	821	(8,330)	0	8,923	593

Notes to the Core Financial Statements

	2013/14	2014/15			
	Trading (Surplus) /Deficit	Income	Net Capital Charges	Other Expenditure	Trading (Surplus) /Deficit
	£000	£000	£000	£000	£000
St. David's Hall	2,693	(5,397)	970	6,750	2,323
Other Trading Accounts*	1,670	(12,538)	4,594	13,746	5,803
Total	19,542	(76,896)	8,606	81,860	13,571

* Other trading accounts totalled 15 in 2014/15 (17 in 2013/14). The Civil Parking Enforcement account is shown in note 2 to the accounts.

16. Leasing

Under IFRS, a number of leases that were previously accounted for as operating leases are now required to be accounted for as finance leases. Where applicable, the comparative figures below have been adjusted to reflect this reclassification.

Authority as Lessee

Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2014/15:

	2013/14 £000	2014/15 £000
Property leases	2,114	1,886
Other leases	460	416

The Council was committed at 31 March 2015 to making payments of £2.912 million under operating leases in 2015/16 (£2.265 million at 31 March 2014 for 2014/15) comprising the following elements:

	2013/14		2014/15	
	Property Leases £000	Other Leases £000	Property Leases £000	Other Leases £000
Leases expiring within 1 year	158	46	8	433
Leases expiring between 2 and 5 years	140	311	583	797
Leases expiring after 5 years	1,602	8	1,091	0

Finance Leases

The Council leases a number of its vehicles under contract hire arrangements. The vehicle leases have been reviewed under the Code and as a result a small number of leases have been reclassified from operating leases to finance leases.

There were **no finance leases** at 31 March 2015 (none in 2013/14).

The **aggregate finance charges** made during 2014/15 were as follows:

	2013/14 £000	2014/15 £000
Vehicles	2	0

There are **no obligations** under finance leases:

Notes to the Core Financial Statements

Authority as Lessor

Operating Leases

Operating leases exist in respect of land and buildings and the Council received revenue of £5.903 million in 2014/15 (£5.748 million in 2013/14)

The Council was committed as at 31 March 2015 to receiving income of £5.377 million (£5.482 million as at 31 March 2014) under operating leases for Land & Buildings comprising the following elements:

	2013/14 £000	2014/15 £000
Leases expiring within 1 year	158	863
Leases expiring between 2 and 5 years	785	641
Leases expiring after 5 years	4,539	3,873

Finance Leases

The Council does not provide any leases of this type.

17. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2014/15 £000
Rental income from investment property	(4,747)	(5,166)
Direct operating expenses arising from investment property	2,191	1,911
Net (gain) / loss	(2,556)	(3,255)

Subject to compliance with any regulatory requirements, the Council can realise the value inherent in its investment property and has the right to income and the proceeds of disposal. Subject to the terms and conditions of individual lease arrangements, the Authority does have contractual obligations to repairs, maintain or enhance certain properties.

18. Prudent Revenue Provision

The Council is required to set aside from its revenue budget a prudent amount for the repayment of external loans to be undertaken to pay for capital expenditure. The amount is set in accordance with Council policy approved in the February 2015 budget report and Welsh Government Guidance. It is used to reduce the Council's underlying need to borrow, the Capital Financing Requirement (CFR).

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are accounting charges. These are reversed and replaced by the prudent revenue provision via an appropriation to/from the Capital Adjustment Account in the Movement in Reserves Statement.

	2013/14 £000	2014/15 £000
Non Housing revenue provision	21,578	23,374
HRA provision	4,073	2,899
Prudent revenue provision	25,651	26,273

19. Pensions

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the

Notes to the Core Financial Statements

Authority has a commitment to make the payments and this commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two different pension schemes both of which provide members with benefits related to pay and service:

The Local Government Pension Scheme

The Council's non-teaching employees have the option to join the Cardiff and Vale of Glamorgan Pension Fund, for which the Council acts as Administering Authority. This is a defined benefit scheme based on final pensionable salary. Both the Authority and the employees pay contributions into the fund, calculated at a level intended to balance the pensions' liabilities with the pensions' assets.

The Local Government Pension Scheme is a funded scheme i.e. it has assets as well as liabilities. In addition, the Council has unfunded pension liabilities in respect of its commitment to make payments directly to certain pensioners arising from arrangements made in earlier years to award enhanced benefits.

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme unless they opt out. The scheme is administered by the Teachers' Pensions Agency (TPA) and provides teachers with defined benefits upon their retirement. The Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Although the scheme is unfunded the TPA uses a notional fund as the basis for calculating the employers' contribution rate which is paid by local education Authorities to the Teachers Pension Scheme.

The Local Government Pension Scheme

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund ('the Fund') and, where applicable, certain unfunded benefits provided by the Employer as referred to above.

Transactions relating to retirement benefits

The main accounting statements have been compiled in accordance with IAS19 and for the Local Government Pension Scheme, include the cost to the Authority of pension entitlements earned in the year rather than the cost of contributions paid into the Fund. The cost of entitlements earned, which is known as the current service cost has been recognised in the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

However, the charge that is required to be made against Council Tax in respect of pensions is to be based on the cash payable to the pension fund during the year. To achieve this, IAS 19 costs are reversed out in the Movement in Reserves Statement and replaced with the employers' contribution payable during the year.

The following table sets out the requisite transactions that have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserve Statement during the year:

	2013/14			2014/15		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Comprehensive Income Expenditure Statement (CI&E Statement)						
Net Cost of Services:						
Current Service Cost	42,948	0	42,948	34,857	0	34,857
Past Service Costs	2,400	80	2,480	2,778	120	2,898

Notes to the Core Financial Statements

	2013/14			2014/15		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Financing & Investment Income & Expenditure						
Interest on net defined benefit liability/(asset)	28,365	1,690	30,055	17,876	1,540	19,416
Net charge to C I&E Statement	73,713	1,770	75,483	55,511	1,660	57,171
Movement in Reserves Statement						
Reversal of net charges made for retirement benefits in accordance with IAS19	(73,713)	(1,770)	(75,483)	(55,511)	(1,660)	(57,171)
Actual amount charged against Council Tax in respect of pensions for the year						
Employers contributions payable to the scheme	39,910	0	39,910	38,403	0	38,403
Payments in respect of unfunded pensions liabilities *	0	3,450	3,450	0	3,500	3,500
	39,910	3,450	43,360	38,403	3,500	41,903

* Included in this figure are enhanced benefits awarded to teachers for which the Council is responsible and some unfunded liabilities which are administered by Rhondda Cynon Taff (RCT) Council on behalf of the Council.

Contributions for year ending 31 March 2016

Local Government Scheme - [employer's regular contributions](#) to the Fund for the accounting period ending 31 March 2016 are estimated to be **£36.61 million**. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

[Unfunded liabilities](#) - in the accounting period ending 31 March 2016 the Council expects to pay £3.54 million directly to beneficiaries.

Basis for estimating assets and liabilities

The latest actuarial valuation of the County Council of the City and County of Cardiff's liabilities in the Cardiff and Vale of Glamorgan Pension Scheme took place as at 31 March 2013. The latest actuarial valuation of unfunded benefits took place as at 31 March 2008.

The principal assumptions used by the independent qualified actuaries in updating the latest valuation for IAS19 purposes were:

(a) Principal financial assumptions

	31 March 2014 % pa	31 March 2015 % pa
Rate of inflation - RPI	3.4	2.9
Rate of inflation - CPI	2.4	1.8
Rate of general increase in salaries *	3.4	2.8
Rate of increase to pensions in payment**	2.4	1.8
Rate of increase to deferred pensions	2.4	1.8
Discount rate for scheme liabilities	4.3	3.2

Notes to the Core Financial Statements

*This has been set as 1.0% p.a. above the CPI inflation assumption which is consistent with the assumption used at the 2013 valuation

** In excess of Guaranteed Minimum Pension increases in payment where appropriate

(b) Mortality assumptions

	31 March 2014		31 March 2015	
	Men	Women	Men	Women
Future lifetime from age 65:-				
Currently age 65	23.7	26.6	23.8	26.7
Currently age 45	25.7	28.9	25.8	29.0

(c) Take-up option to convert annual pension into retirement lump sum

	31 March 2014	31 March 2015
Pre 2010	75%	75%
Post 2010	75%	75%

Asset Allocation

The approximate split of assets for the Fund as a whole is shown in the following table. The asset allocation in the fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

The Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of the balanced investment strategy.

	31 March 2014	31 March 2015		
	Approx. split of assets	Quoted	Unquoted	Total
	%	%	%	%
Equities	78.3	72.1	5.3	77.4
Property	5.4	5.9	0	5.9
Government Bonds	6.9	6.8	0	6.8
Corporate Bonds	8.0	7.9	0	7.9
Cash	1.3	1.7	0	1.7
Other *	0.1	0.3	0	0.3
Total	100	94.7	5.3	100

*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Reconciliation of funded status to balance sheet

	31 March 2014 (Restated)			31 March 2015		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Notional value of assets	909,593	0	909,593	1,027,052	0	1,027,052

Notes to the Core Financial Statements

	31 March 2014 (Restated)			31 March 2015		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Present value of liabilities	(1,344,170)	(38,450)	(1,382,620)	(1,528,588)	(38,250)	(1,566,838)
Net pension asset/(liability)	(434,577)	(38,450)	(473,027)	(501,536)	(38,250)	(539,786)

Assets and Liabilities in relation to Retirement Benefits

Changes to the present value of liabilities during the accounting period:

	31 March 2014 (Restated)			31 March 2015		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Opening present value of liabilities	(1,485,030)	(42,890)	(1,527,920)	(1,344,170)	(38,450)	(1,382,620)
Current service cost	(43,145)	0	(43,145)	(34,858)	0	(34,858)
Interest cost	(64,585)	(1,690)	(66,275)	(56,995)	(1,540)	(58,535)
Contributions by participants	(9,991)		(9,991)	(9,882)	0	(9,882)
Remeasurements in Other Comprehensive Income (OCI)	215,584	2,760	218,344	(128,181)	(1,640)	(129,821)
Net benefits paid out **	45,400	3,450	48,850	48,276	3,500	51,776
Past service cost	(2,403)	(80)	(2,483)	(2,778)	(120)	(2,898)
Closing present value of liabilities	(1,344,170)	(38,450)	(1,382,620)	(1,528,588)	(38,250)	(1,566,838)

* Includes changes to the actuarial assumptions.

Changes to the fair value of assets during the accounting period:

	31 March 2014 (restated) £000	31 March 2015 £000
Opening fair value of assets	820,605	909,593
Interest income on assets	36,220	39,119
Remeasurement gains/(losses) on assets	48,067	78,330
Contributions by employer	40,115	38,403
Contributions by participants	9,986	9,883
Net benefits paid out **	(45,400)	(48,276)
Closing fair value of assets	909,593	1,027,052

** The figures for net benefits paid out consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Notes to the Core Financial Statements

Re-measurements in Other Comprehensive Income (OCI)

	31 March 2014 (restated)		31 March 2015	
	Funded Scheme £000	Unfunded Liabilities £000	Funded Scheme £000	Unfunded Liabilities
Return on plan assets (in excess of) / below that recognised in net interest	(48,067)	0	(78,330)	0
Actuarial (gains)/losses due to change in financial assumptions	(129,510)	(2,020)	136,019	2,000
Actuarial (gains)/losses due to changes in demographic assumptions	(51,681)	(780)	0	0
Actuarial (gains)/losses due to liability experience	(34,393)	40	(7,838)	(360)
Actuarial (gains)/losses arising on inherited pension assets and liabilities	0	0	0	0
Total amount recognised in OCI	(263,651)	(2,760)	49,851	1,640

Actual return on assets

	31 March 2014 (restated) £000	31 March 2015 £000
Interest income on assets	36,110	39,119
Remeasurement gain/(loss) on assets	47,950	78,330
Actual return on assets	84,060	117,449

Analysis of amount recognised in the Comprehensive Income & Expenditure Statement

	31 March 2014 (restated)			31 March 2015		
	Funded Scheme £000	Unfunded Liabilities £000	Total gain / (loss) in CI&E £000	Funded Scheme £000	Unfunded Liabilities £000	Total gain / (loss) in CI&E £000
Total Actuarial Gain/(Loss)	263,651	2,760	266,411	(49,852)	(1,640)	(51,492)

History of total gains and losses recognised in the Comprehensive Income & Expenditure Statement

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Total gain/(loss) –funded scheme	53.43	(132.77)	(47.19)	263.70	(49.85)
Total gain/(loss) –unfunded liabilities	(1.56)	(3.04)	(2.56)	2.76	(1.64)
Cumulative gain/(loss)	(380.44)	(516.25)	(566.00)	(299.54)	(351.03)

History of asset values, present value of liabilities and surplus/(deficit)

	31 March 2011 £000	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000
Fair value of assets	690,680	711,530	818,465	906,610	1,027,052

Notes to the Core Financial Statements

	31 March 2011 £000	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000
Present value of funded liabilities	(1,145,070)	(1,303,680)	(1,482,889)	(1,341,187)	(1,528,588)
Present value of unfunded liabilities	(39,980)	(41,850)	(42,890)	(38,450)	(38,250)
Surplus/(deficit)	(494,370)	(634,000)	(707,314)	(473,027)	(539,786)

History of experience gains and losses

	Year ending 31.3.11 £m	Year ending 31.3.12 £m	Year ending 31.3.13 £m	Year ending 31.3.14 £m	Year ending 31.3.15 £m
Experience gains/(losses) on funded assets	5.93	(37.93)	67.92	47.95	78.33
Experience gains/(losses) on funded liabilities	52.02	(8.24)	1.55	34.60	8.21
Experience gains/(losses) on unfunded liabilities	(0.15)	(0.94)	0.08	0.04	(0.36)

Sensitivity Analysis

The results shown above are sensitive to the assumptions used. In each case, only the assumption mentioned is altered; all other assumptions remain the same. Sensitivity of unfunded benefits is not included on materiality grounds. This analysis is shown in the tables below:

Discount rate assumption

Adjustment to discount rate	+0.1% p.a. (£000)	-0.1% p.a. (£000)
Present value of total obligation	1,496,760	1,553,360
% change in present value of total obligation	-1.8%	1.9%
Projected service cost	39,600	42,130
Approximate % change in projected service cost	-3.1%	3.1%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a. (£000)	-0.1% p.a. (£000)
Present value of total obligation	1,553,160	1,516,550
% change in present value of total obligation	0.5%	-0.5%
Projected service cost	40,850	40,850
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption

Adjustment to pension increase rate	+0.1% p.a. (£000)	-0.1% p.a. (£000)
Present value of total obligation	1,545,420	1,504,480
% change in present value of total obligation	1.4%	-1.3%
Projected service cost	42,130	39,600
Approximate % change in projected service cost	3.1%	-3.1%

Notes to the Core Financial Statements

Post retirement mortality assumption

Adjustment to mortality age rating assumption	-1 year (£000)	+1 year (£000)
Present value of total obligation	1,564,830	1,484,670
% change in present value of total obligation	2.6%	-2.6%
Projected service cost	42,190	39,500
Approximate % change in projected service cost	3.3%	-3.3%

The Council does not currently have information on the maturity profile of the defined benefit obligation.

The Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teacher's Pension Agency on behalf of the Department for Education. The scheme is defined benefit scheme and although it is unfunded, Teachers pensions use a notional fund as a basis for calculating the employer's contribution rate paid by Local Education Authorities. However, it is not possible for the Authority to identify a share of the underlying liabilities of the scheme attributable to its own employees and so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme, i.e. the cost charged to Net Cost of Services in the year is the cost of the employer's contributions to the scheme.

In 2014/15 the Council paid **£15.917 million** in respect of **teachers' pension costs**, which represents **14.1%** of teachers' pensionable pay (£15.926 million representing 14.1% of teachers' pensionable pay in 2013/14) In addition, the Authority is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension's liability for unfunded liabilities.

Notes to the Core Financial Statements

20. Non-Current Assets

Non-Current assets valuation

Non-Current assets are valued as per the accounting policies shown on pages 21 to 38.

2014/15	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2014	589,754	772,948	44,172	557,909	18,734	55,403	24,036	2,062,956
Additions	17,777	24,410	3,966	16,785	472	785	8,795	72,990
Impairment losses/reversals to RR *	0	(21)	0	0	0	(389)	0	(410)
Impairment losses / reversals to SDPS **	(1,770)	(6,144)	(16)	0	0	(260)	0	(8,190)
Derecognition - disposals	(1,335)	(214)	(6,753)	0	0	(25)	0	(8,327)
Reclassified (to)/from Held for Sale	0	(1,294)	0	0	0	(2,210)	0	(3,504)
Other reclassifications	0	15,487	19	480	0	(13,237)	(21,074)	(18,325)
Revaluation increases /(decreases) to RR*	0	217	0	0	0	(1,796)	0	(1,579)
Revaluation increases /(decreases) to SDPS**	0	0	0	0	0	(1,247)	0	(1,247)
At 31 March 2015	604,426	805,389	41,388	575,174	19,206	37,024	11,757	2,094,364
Depreciation								
At 1 April 2014	23,361	25,656	28,779	243,043	0	0	0	320,839
Depreciation charge	12,106	14,567	4,373	23,465	0	0	0	54,511
Depreciation written out on impairment	0	(35)	0	0	0	0	0	(35)
Derecognition - disposals	(53)	(67)	(6,753)	0	0	0	0	(6,873)
Depreciation written out to SDPS **	0	(397)	0	0	0	0	0	(397)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	0	0	0	0	0	0	0	0
At 31 March 2015	35,414	39,724	26,399	266,508	0	0	0	368,045
Net Book Value:								
At 31 March 2015	569,012	765,665	14,989	308,666	19,206	37,024	11,757	1,726,319
At 31 March 2014	566,393	747,292	15,393	314,866	18,734	55,403	24,036	1,742,117

*Further detail can be found in the narrative below.

Notes to the Core Financial Statements

Comparative Movements in 2013/14

2013/14 Restated	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2013	578,430	1,005,516	36,596	544,547	16,715	51,424	18,570	2,251,798
Additions	12,155	22,058	3,878	11,550	425	428	21,891	72,385
Impairment losses/reversals to RR *	0	(145)	0	0	0	(218)	0	(363)
Impairment losses / reversals to SDPS **	(432)	(329)	0	0	0	(571)	0	(1,332)
Derecognition - disposals	(399)	(447)	(49)	0	0	(914)	0	(1,809)
Reclassified (to)/from Held for Sale	0	(1,526)	0	0	0	1,013	0	(513)
Other reclassifications	0	(408)	3,747	1,812	1,594	9,087	(16,425)	(593)
Revaluation increases /(decreases) to RR*	0	(122,001)	0	0	0	384	0	(121,617)
Revaluation increases /(decreases) to SDPS**	0	(129,770)	0	0	0	(5,230)	0	(135,000)
At 31 March 2014	589,754	772,948	44,172	557,909	18,734	55,403	24,036	2,062,956
Depreciation								
At 1 April 2013	11,569	34,149	24,621	217,036	0	0	0	287,375
Depreciation charge	11,800	13,747	4,207	26,007	0	0	0	55,761
Depreciation written out on impairment	0	(11)	0	0	0	0	0	(11)
Derecognition -disposals	(8)	(56)	(49)	0	0	0	0	(113)
Depreciation written out to SDPS **	0	(368)	0	0	0	0	0	(368)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	0	(21,805)	0	0	0	0	0	(21,805)
At 31 March 2014	23,361	25,656	28,779	243,043	0	0	0	320,839
Net Book Value:								
At 31 March 2014	566,393	747,292	15,393	314,866	18,734	55,403	24,036	1,742,117
At 31 March 2013	566,861	929,612	11,975	327,511	16,715	51,424	7,079	1,911,177

** RR = Revaluation Reserve

*** SDPS = Surplus or deficit on Provision of Services

Notes to the Core Financial Statements

Intangible Assets

Movements in Intangible assets during 2014/15 are summarised as follows:

	Other Assets £000	Intangible AUC £000	Total £000
Cost or Valuation			
At 1 April 2014	4,523	2,668	7,191
Additions	0	444	444
Other reclassifications	0	0	0
At 31 March 2015	4,523	3,112	7,635
Amortisation			
At 1 April 2014	2,443	0	2,443
Amortisation	846	0	846
At 31 March 2015	3,289	0	3,289
Net Book Value:			
At 31 March 2015	1,234	3,112	4,346
At 31 March 2014	2,080	2,668	4,748

Comparative Movements in 2013/14:

	Other Assets £000	Intangible AUC £000	Total £000
Cost or Valuation			
At 1 April 2013	3,926	2,344	6,270
Additions	12	909	921
Other reclassifications	585	(585)	0
At 31 March 2014	4,523	2,668	7,191
Amortisation			
At 1 April 2013	1,539	0	1,539
Amortisation	904	0	904
At 31 March 2014	2,443	0	2,443
Net Book Value:			
At 31 March 2014	2,080	2,668	4,748
At 31 March 2013	2,387	2,344	4,731

Non-Current Assets

The non-current assets of the Council include the following:

Allotment Gardens (27)	Mental Health Day Centres (1)
Caravan Park	New Theatre
Cardiff Bay Barrage	Parks & Public Open Spaces (Approx 1500 ha)

Notes to the Core Financial Statements

Cardiff Castle	Play Centres (7)
Cardiff International Swimming Pool	Residential Establishments (3)
Cardiff International Sports Stadium	Roads - Non-Principal (1,022 km)
Cardiff International White Water Centre	Roads - Principal (86 km)
Cardiff Story Museum	Schools - Nursery (2)
Cemeteries (5)	Schools - Primary (83)
Central Bus Station	Schools - Secondary (16)
City Hall	Schools - Special (7)
Civic Residence	Schools – Integrated Children’s Centre (1)
Community Halls (5)	Sports and Leisure Centres (8)
Council Dwellings	St David’s Hall
County Hall	Storey Arms Outdoor Pursuits Centre
Crematorium	Surface Car Parks (17)
Day Centres and Clubs (7)	Traveller Sites (2)
Depots (5) and Workshops (9)	Various Administrative Buildings
Eastern Park & Ride	Various Property & Land Holdings
Family Centres (2)	Vehicles, Plant, Furniture & Equipment
Horse Riding School	Works of Art, Civic Regalia & other heritage
Libraries/Hubs (20)	assets
Indoor Market	Youth & Neighbourhood Learning Centres (18)
Road Safety Centre & Cycle Track	

Prior Period Adjustment - Voluntary Aided/Voluntary Controlled/Foundation Schools Recognition changes

Based on responsibilities for maintenance, control of admissions policy or where Welsh Ministers have directed, the Council has not previously recorded the buildings used by Voluntary Aided (VA) and Foundation schools on its Balance Sheet.

Due to inconsistencies of approach throughout the UK, CIPFA has recently clarified their approach, with a very short timescale for inclusion in the 2014/15 Statement of Accounts, indicating that legal ownership is likely to be the key factor in determining balance sheet recognition.

It requires each school to be treated as / considered as a separate entity and a review of the ownership and operating arrangements to determine whether assets should be recognised on school balance sheets.

Legal ownership of land and property assets of 30 schools that fall within the definition of Voluntary Aided, Voluntary Controlled (VC) and Foundation schools was reviewed. The output is as follows with adjustments made to the Councils balance sheet at 01.04.2013 as prior year adjustments:-

- 6 schools building assets not previously recognised are to be recognised on the Council Balance Sheet with associated existing land to be revalued
- 5 school building and land assets not previously recognised are to be recognised on the Council Balance Sheet
- 2 school land assets to be de-recognised from the Council Balance Sheet as not owned by Council

Notes to the Core Financial Statements

Valuation Basis

The timescales for achieving valuations and any changes has been short, given uncertainty re timing of clarification of CIPFA requirements in December 2014. The valuation basis used for these schools is similar to that used for schools valuations undertaken in 2013/14 to ensure a consistent basis.

Building valuation to be recognised using Modern Equivalent Asset Valuation approach £46.4 million. £19.7 million relates to St Teilo's new school which was classified as an Asset Under Construction at 01.04.2013 and 01.04.2014.

School	High/Primary
Corpus Christi Roman Catholic	High
St Teilo's Church in Wales	High
Whitchurch High School – Upper and Lower	High (Foundation)
Holy Family Roman Catholic	Primary
St Cadoc's Roman Catholic	Primary
St Cuthbert's Roman Catholic	Primary
St Francis Roman Catholic	Primary
St John Lloyd Roman Catholic	Primary
St Patrick's Roman Catholic	Primary
St Paul's Church in Wales	Primary
St Phillip Evans Roman Catholic	Primary

Additional Land valuation to be recognised £17 million

School	High/Primary
Corpus Christi Roman Catholic	High
St Teilo's Church in Wales	High
Whitchurch High School – Upper and Lower	High (Foundation)
Holy Family Roman Catholic	Primary
St Cadoc's Roman Catholic	Primary
St Cuthbert's Roman Catholic	Primary
St Francis Roman Catholic	Primary
St John Lloyd Roman Catholic	Primary
St Patrick's Roman Catholic	Primary
St Paul's Church in Wales	Primary
St Phillip Evans Roman Catholic	Primary

Land valuation to be derecognised £14,000

School	High/Primary
Llandaff Church in Wales	Primary
St Peter's Roman Catholic	Primary

The following approach has been adopted for any changes to the accounts:-

- St Teilo's Buildings valuation at 1.04.2013 is £11.491m reflects the valuation less expenditure incurred in that year of £8.230m. This total valuation of £19.721m is shown as an asset under construction at 31 March 2014 and reclassified in 2014/15 to Land and buildings when it became operational
- All other buildings assets are deemed to be brought onto the balance sheet at 1 April 2013 (£24.726m) with valuation adjusted for reversal of REFCUS expenditure in 2013/14 which is now shown as an addition (£1.928m). One year's accumulated depreciation (£355,000) is provided to be consistent with other schools assets.
- Land valuation (£17.029m) to be recognised at 1 April 2013.
- Recognition to be 'deemed cost' in accordance with CIPFA requirements i.e. opposite entry to the Capital Adjustment Account rather than Revaluation reserve.

Notes to the Core Financial Statements

The impact of the changes to opening balance sheet values, subtotals and totals at 1 April 2014 as a result of the changes are shown in the table below:-

	As Previously Stated 31 March 2014 £000	Movement at 1 April 2014 £000	As Restated 1 April 2014 £000
Other Land and Buildings	703,964	43,328	747,292
Assets Under Construction	4,315	19,721	24,036
Capital Adjustment Account	1,093,549	63,049	1,156,598

The net impact upon the total long term assets and net assets is an increase in value of £63.049m. The total impact upon unusable reserves is also an increase of £63.049m. The impact upon the figures contained within the Comprehensive Income and Expenditure Statement is outlined below:-

	Originally Stated 31 March 2014 £000	Value of Restatement £000	Restated 31 March 2014 £000
Children's & Education Services Expenditure	514,598	(9,803)	504,795
Children's & Education Services Income	(84,664)	7,814	(76,850)
Recognised Capital Grants & Contributions	(45,350)	(7,814)	(53,164)

The net impact upon the Surplus/Deficit on Provision of Services is a reduced deficit of £155.538m. This reduction is negated by neutralising entries contained within the Movement in Reserves Statement. The £9.803m reduction in expenditure comprises a £10.158m reduction in REFUS expenditure, offset by an additional £355k depreciation charge. The £7.814m amendment to income and recognised capital grants and contributions relates to the movement of the grant income used to fund the expenditure on the assets.

Heritage Assets

2013/14 £000		2014/15 £000
50,393	Balance at 1 April	50,789
3	Additions	95
393	Other Reclassifications	0
50,789	Balance at 31 March	50,884

Heritage assets are defined as assets of historic, artistic or scientific importance that are maintained principally for their contribution to knowledge and culture at either a national or local level. This requires their identification, recognition and disclosure in the accounts where relevant practicable and material.

The Council has no material intangible heritage assets, however it does hold tangible heritage assets which can broadly, but not exclusively, be identified into three main categories:-

- public art
- scheduled ancient monuments for which it is responsible
- paintings, artefacts and civic regalia

Notes to the Core Financial Statements

The Council is one of the constituent bodies of the Glamorgan Records Office (GRO) which holds assets and data accumulated over time. The GRO prepares a separate set of accounts, with only the Council's share of any asset values included in these accounts. No valuations are recorded by the GRO for heritage assets.

The notes below indicate the treatment of each of the above three categories in these accounts.

Public Art - In total there over 100 pieces of public art owned by the Council across the City. This includes freestanding artworks and significant pieces integrated into the design of buildings. Individually and in total, these assets are not identified or valued separately in the Council's balance sheet as the Council is of the opinion that conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these assets are held within the Cardiff Public Art Register, which is available on the Council's internet site www.cardiff.gov.uk under the Resident, Planning, City Design and Public Art section.

Scheduled Ancient Monuments - The Council is responsible for a number of the 28 scheduled ancient monuments in the City. These are required to be protected for their contribution to knowledge and culture and include prehistoric burial sites and mounds, castles and forts, religious sites, defence structures as well as other sites of industrial significance. Unless expenditure has been incurred on these assets previously, these sites are not included in the Council's accounts at historic cost or value. Given the unique and often diverse nature of these assets, the Council is of the opinion that conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits.

Paintings, artefacts and civic regalia - The Council has a collection of paintings, artefacts and civic regalia, much of which is related to local interest. The main items in terms of number and value are collections at the castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. These items are included in the Council's balance sheet at an insurance valuation of £35.9 million undertaken externally as at 1 April 2013, by Mr AN Schoon, Antiques and Fine Art Valuer.

Council policy on acquisitions, disposals, care and conservation

Where resources allow, the Council will seek to create, acquire and preserve heritage resources for the benefits of its Citizens in partnership with other public and private sector bodies using grant and other funding opportunities. Acquisitions are rare, although public art is often commissioned as part of regeneration schemes. Given limited resources and the cost of preserving heritage assets, the Council may consider various options such as community asset transfer and disposal to ensure the preservation of assets.

For assets held at the castle, acquisition, disposal and care is undertaken in accordance with the museum accreditation scheme.

The statutory requirements placed upon the owners of Scheduled Ancient Monuments are likely to make the disposal of assets within Council ownership unviable. Before any work, alteration or controlled archaeological excavations are undertaken, consent is obtained from the Welsh Government, a function administered by CADW.

The following table lists Heritage assets and their treatment in the Council's accounts

Heritage Category	Item	Nature / Type	Identified separately in Balance Sheet (Yes/No)	Valuation Basis of any asset or expenditure incurred
Public Art	Various – Per Public Art Register	Statues, Street Art	No	n/a
	Animal Wall	Statues	Yes	Historic Cost

Notes to the Core Financial Statements

Heritage Category	Item	Nature / Type	Identified separately in Balance Sheet (Yes/No)	Valuation Basis of any asset or expenditure incurred
	Welsh National War Memorial	Statue / Monument	Yes	Historic Cost
Scheduled Ancient Monuments	Wenallt Camp	Castle, Fort, Camp – Pre Roman	No	n/a
	Caerau Fort	Castle, Fort, Camp – Iron Age	No	n/a
	Ely Roman Villa	Domestic – Roman	No	n/a
	Penylan Roman Site	Remains – Roman	No	n/a
	Morganstown Castle Mound	Castle, Fort, Camp – Medieval	No	n/a
	Dominican Friary	Religious – Medieval	Yes	Historic Cost
	Llandaff Cathedral Bell Tower	Religious – Medieval	No	n/a
	Old Bishops Palace	Religious – Medieval	No	n/a
	Sea Wall Rumney	Sea Defences – Post Medieval	No	n/a
	Leckwith Bridge	Bridge – Post Medieval	No	n/a
	Wreck of the Louisa	Industry – Post Medieval	No	n/a
	Coal Discharger	Industry – Post Medieval	No	n/a
	Melingriffith Water Pump	Industry – Post Medieval	Yes	Historic Cost
	Gun Batteries – Flatholm Island	Defence – Post Medieval	No	n/a
	Coastal and Aircraft Defences – Flatholm Island	Defence – Modern	No	n/a
	Cardiff Castle and Roman Fortress	Castle, Fort, Camp – Roman	Yes	Historic Cost
Paintings Artefacts and Civic Regalia	Various, primarily at Castle also at City Hall Mansion House and County Hall	Furniture, paintings, ornaments, jewellery, ceramics etc.	Yes	Valuation for Insurance Purposes
Other	Flatholm Island	Local Nature Reserve, Site of Special Scientific Interest and Special Protection Area	Yes	Historic Cost
	Graving Docks - Harbour	Post Medieval vessel servicing facilities	Yes	Historic Cost
	In library Stock and held at National Library	First editions, Book of Aneirin	No	n/a

Notes to the Core Financial Statements

Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

2013/14 £000		2014/15 £000
57,809	Balance at 1 April	75,625
18,233	Additions	726
0	Impairment Losses / reversals to SDPS	0
(455)	Disposals	(121)
200	Other Reclassifications	18,326
0	Revaluation increases /(decreases) to RR*	(117)
(162)	Revaluation increases /(decreases) to SDPS**	6,348
75,625	Balance at 31 March	100,787

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

Notes to the Core Financial Statements

Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by borrowing, it results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be paid for. Prudent provision for the repayment of external borrowing reduces the CFR.

2013/14 Restated £000		CFR exc. landfill 2014/15 £000	Landfill CFR 2014/15 £000	Total CFR 2014/15 £000
503,702	Opening Capital Financing Requirement	486,169	26,899	513,068
	Capital Expenditure:			
72,384	Property, Plant and Equipment	72,991	0	72,991
4	Heritage Assets	95	0	95
0	Assets Held for Sale	0	0	0
18,233	Investment Properties	726	0	726
921	Intangible Assets	444	0	444
1,332	Loans	50	0	50
12,645	Expenditure on REFCUS	8,208	0	8,208
	Sources of Finance:			
(3,354)	Capital Receipts	(4,754)	0	(4,754)
(62,413)	Government grants and other contributions	(35,624)	0	(35,624)
(4,089)	Direct revenue contributions and reserves	(5,580)	0	(5,580)
(26,297)	Prudent revenue and capital provision for loan repayment	(26,424)	(1,210)	(27,634)
513,068	Closing Capital Financing Requirement	496,301	25,689	521,990
	Explanation of movements in year:			
(6,463)	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	(7,248)	0	(7,248)
15,829	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	17,380	(1,210)	16,170
9,366	Increase in Capital Financing Requirement	10,132	(1,210)	8,922

Notes to the Core Financial Statements

Revenue Expenditure funded from Capital under Statute (REFCUS)

The following amounts were treated as capital expenditure to be paid for from capital resources. This is expenditure on items that do not result in the creation or enhancement of an asset for the Council.

	2013/14 £000	2014/15 £000
<i>Movements in Year:</i>		
Housing Improvement grants	4,315	5,219
Buildings not owned by Cardiff Council	5,877	886
Grants awarded (not Housing grants)	2,453	2,103
Charged to Income and Expenditure Account	12,645	8,208
<i>Funded by:</i>		
Grants and Contributions	(9,249)	(7,460)
Borrowing, receipts and other capital resources	(3,396)	(748)
	(12,645)	(8,208)

Asset Disposals

The main asset disposals during the year are identified below:-

- Sale of freeholds to Wales and West Housing Association
- Sale of 20 Council Dwellings
- Sale of land at Oxford Street
- Sale of units at Ipswich Road Industrial Estate
- Sale of 9 Birchgrove Road

Significant capital expenditure contractual commitments

At 31 March 2015 the figure for significant capital expenditure commitments scheduled for completion in 2015/16 and future years is £32.767 million (£9.606 million 2013/14) and includes the following:

	£000
Pontprennau Primary School	5,034
Eastern Leisure Centre Refurbishment	5,984
Grangetown Community Hub Refurbishment and Extension	900
Radyr Hydro Scheme	2,690
Insole Court Restoration	2,074
Purchase of Wood Street NCP Car Park	8,325
Windsor Road Bridge Replacement Scheme	1,094
Public Housing - Roofing Contract	1,530
Public Housing – Secure by Design Fire Doors	2,337
Street Lighting Energy Reduction	1,292

21. Financial Instruments

Financial Instrument Balances

The following table discloses the Council's Financial Instruments (Assets and Liabilities) at their carrying value in the accounts. They arise as a result of the Council's Treasury Management activities as well as Financial Instruments issued to further service objectives. Further detail and where applicable a fair value, are shown in the sections below. Debtors and Creditors, with the exception of car loans, are shown separately in the respective notes rather than as financial instruments:-

Notes to the Core Financial Statements

	31 March 2014 (Restated)			31 March 2015		
	Long Term £000	Short Term £000	Total £000	Long Term £000	Short Term £000	Total £000
Investments/Financial Assets						
Loans & Receivables at amortised cost	4,247	70,984	75,231	2,803	65,738	68,541
Investments at Fair Value	17,160	0	17,160	14,998	0	14,998
Total	21,407	70,984	92,391	17,801	65,738	83,539
Borrowings/Financial Liabilities						
Financial Liabilities at Amortised Cost	(465,486)	(14,457)	(479,943)	(464,808)	(12,964)	(477,772)

Investments / Financial Assets

Loans and receivables include:

- **Cash and bank including temporary investments** of £65 million. £53.9 million is deposited for various maturities with financial institutions. In addition a sum of £1 million is placed with Lloyds Bank as an integral part of mortgage lending in relation to the Council's Local Authority Mortgage Scheme. This indemnity is repayable 24 April 2017, subject to any loss from mortgages approved within the scheme.
- **Car loans** to eligible Council staff. Loans are repaid with interest, over a specified period, not greater than five years, as set out in a loan agreement. Over 300 such agreements existed during 2014/15 and the value of loans outstanding total £0.90 million as at 31 March 2015.
- **Loan of £1 million** repayable in June 2016 provided to Cardiff Bus to support investment in its fleet of vehicles and depot facilities.

There is little difference between the fair value calculation for loans and receivables and the balance sheet carrying amount.

	31 March 2014 (Restated)		31 March 2015	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Cash and Cash Equivalents	41,761	41,761	23,137	23,137
Deposits with banks and building societies	30,040	30,045	42,088	42,108
Local Authority Mortgage Scheme	1,042	1,120	1,042	1,109
Assisted Car Purchase Loans	1,235	1,235	900	900
Loan to Cardiff Bus	1,000	1,000	1,000	1,000
Loans to External Organisations / Subsidiary	153	153	374	374
Financial assets	75,231	75,314	68,541	68,628

Investments at Fair value include:

- The Council's 100% shareholding in Cardiff City Transport Services Limited. Whilst the Council's shareholding is not listed on any quoted market, accounting rules require a valuation be estimated. Any change in value is offset by a corresponding movement the 'available for sale reserve'; hence there is no impact on Council Tax payable. The fair value of the investment at 31 March 2015 is deemed to be £13.6 million (£15.8 million 2013/14). This value is determined by applying a multiplier to the Company's Earnings before Interest Tax Depreciation and Amortisation (EBITDA) all of which could fluctuate dependent on the company's performance and economic climate in which it operates. Accordingly, the accounting valuation may vary significantly from year to year.

Notes to the Core Financial Statements

- A 44.5% interest in the Medicentre, a Joint Venture between the Council, University of Wales College of Medicine, the Welsh Government and the Cardiff and Vale NHS Trust (£1.09 million), and minority holdings in SMEs. Negotiations to dispose of the Council's stake in the Joint Venture are being undertaken.

Borrowings / Financial Liabilities include:

- Borrowing is undertaken to fund the long term capital expenditure requirements of the Council and any short term cash flow requirements. It includes Lender Option Borrower Option Loans totalling £51 million which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date. The date of maturity for such instruments is assumed to be the contractual period to maturity rather than the next date that the lender could request a change in the rate. The carrying amounts below also include accrued interest payable at 31 March 2015.
- The Council has not granted financial guarantees of a significant value that warrants separate recognition on the Balance Sheet.
- The fair value of borrowing and financial liabilities is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. Interest rates on similar loans have seen a reduction compared to the same point last financial year. Where fair value is higher the Council would have to pay a premium or penalty in order exit the loans before natural maturity.

	31 March 2014		31 March 2015	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Public Works Loan Board Loans	(425,849)	(500,795)	(423,181)	(599,216)
Lender Option Borrower Option Loans	(51,636)	(47,850)	(51,636)	(61,610)
Market loans, Bonds and Temporary Balances	(2,455)	(2,634)	(2,955)	(3,092)
Bank overdraft	0	0	0	0
Financial liabilities	(479,940)	(551,279)	(477,772)	(663,918)

Fair value calculations used the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing on 31 March 2015. The PWLB provided a fair value of £703.42 million based on the premature repayment rates in force at 31 March 2015.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.
- Interpolation techniques between available rates have been used where the exact maturity period was not available.
- No early repayment or impairment is recognised.

Financial Instrument Gains/Losses

The following table shows the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments:

Notes to the Core Financial Statements

	Financial Liabilities		Financial Assets				Total	
	Liabilities at Amortised Cost		Loans & Receivables		Investments at Fair Value			
	2013/14 £000	2014/15 £000	2013/14 '£000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Interest Expense	23,871	24,616	0	0	0	0	23,871	24,616
Impairment Losses	0	0	5,056	0	0	0	5,056	0
Interest Payable & Similar Charges	23,871	24,616	5,056	0	0	0	28,927	24,616
Interest / Dividend Income	0	0	(872)	(832)	0	0	(872)	(832)
Interest and Investment Income	0	0	(872)	(832)	0	0	(872)	(832)
Losses on Revaluation	0	0	0	0	488	2,211	488	2,211
(Surplus) / Loss arising on revaluation of financial assets	0	0	0	0	488	2,211	488	2,211
Net (gain) / loss for the year	23,871	24,616	4,184	(832)	488	2,211	28,543	25,995

In accordance with accounting requirements, the Council is required to consider whether amounts shown on its balance sheet are shown at their recoverable amount. At 31 March 2014, loans of £5.056 million owed by Glamorgan County Cricket Club for the redevelopment of the stadium and shown within long term debtors were shown as an impairment loss following a number of indicators of impairment. During 2014/15, 70% of sums due under the contractual terms were agreed to be written off with the balance to be restructured. This is to be undertaken in 2015/16. As the loan had been provided from Capital resources, the loss on impairment during 2013/14 was neutralised against capital reserves, with a net nil impact in the year.

Nature and Extent of Risks arising from Financial Instruments

The Authority's activities in relation to financial instruments whether for treasury management purposes or service objectives expose it to a variety of risks. In undertaking its treasury management activities, the overriding objective is to minimise the risk of adverse consequences or loss, whilst at the same time not unduly constraining investment returns or unnecessarily incurring interest costs. Given the nature of investments, a trade-off between security, liquidity and yield cannot be avoided i.e. there is risk of default. This risk is enhanced when loans to external organisations are provided for service delivery objectives and Indicators of significant impairment are considered at the balance sheet date.

Treasury management risks include credit and counterparty, liquidity and refinancing, interest rate, market value, exchange rate, fraud and regulatory risk. The Council has Treasury Management Practices to address and mitigate these risks. It has adopted the CIPFA Treasury Management Code of Practice and sets indicators to control key financial instrument risks. The Treasury Management Strategy is set at the start of the year which can be found on the Council's external website, www.cardiff.gov.uk. by selecting Your Council > Council Finance > Managing the Council's Finances > Treasury Management Strategy 2014-15.

Responsibility for the execution and administration of treasury management decisions rests with the Corporate Director Resources. Scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices are undertaken by the Council's Audit Committee.

Notes to the Core Financial Statements

Reports on the Council's borrowing and investments for Treasury Management Purposes are provided periodically to Council, Cabinet and Audit Committee.

Further details in relation to key risks are disclosed in the following sections where relevant.

Credit Risk – further disclosures

This is the possibility that other parties may fail to pay amounts due to the Authority. For the Council it arises from lending of temporary cash balances to banks, building societies, other local Authorities and money market funds as part of the Council's Treasury Management Activities. It also arises from exposure to the Authority's customers and organisations to whom it may have provided a loan.

The following table summarises the Council's main exposures to credit risk.

Credit Risk	Likelihood of Default	31 March 2014 Restated £000	31 March 2015 £000
Deposits – banks, buildings societies	Deposits are placed only with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account extent of public ownership and sovereign rating. Ratings are regularly reviewed. A risk of non-recoverability applies to all of the Authority's deposits which require rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in monitoring credit risk of counterparties. To date, the Authority has not experienced default of any institution and as the counterparty exposure following table shows this is not deemed to be a significant factor for investments held. Accordingly no provisions or losses are to be recognised.	71,399	65,079
Local Authority Mortgage Scheme	The Council has placed a £1 million indemnity with Lloyds Bank as part of this scheme. The Authority will only incur a loss if a house is repossessed and sale proceeds are insufficient to cover the debt. No defaults have occurred to date and an earmarked reserve for this purpose, should this be the case.	1,000	1,000
Car Loans	Repayments in respect of car loans are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	1,235	900
Loans to External Bodies	Includes primarily loans to SME's £380,000 and loan to Cardiff Bus £1 million. Repayments on loans are dependant on financial and operating performance, which are monitored closely for large amounts. Where there is deemed to be a risk of non-repayment a provision or impairment is considered.	1,516	1,380
Customers	The Authority does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after balance sheet date and any other material factors that could affect the ultimate sum collectable. The bad debt provision for 2014/15 was based on the adjusted age profile disclosed in the following table.	12,912	12,599
		2013/14	2014/15
		£000	£000

Notes to the Core Financial Statements

Credit Risk	Likelihood of Default		31 March 2014 Restated £000	31 March 2015 £000
		Less than 1 year	11,211	10,708
	1 – 2 years	788	734	
	2 – 3 years	225	553	
	3 – 4 years	198	133	
	4 – 5 years	128	153	
	Over 5 years	291	298	
	Total	12,841	12,579	
	Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and provision against non payment is not usually considered necessary.			
Total			88,062	80,958

Counterparty Exposure at 31 March 2015

Counterparty	Country	Fitch Long Term	Investment £000
Bank of Scotland plc	UK	A	12,000
Commonwealth Bank of Australia	Australia	AA-	5,000
Development Bank Singapore	Singapore	AA-	5,000
National Australia Bank	Australia	AA-	5,000
Nationwide Building Society	UK	A	10,000
Santander UK plc	UK	A	5,000
Ignis - Money Market Fund	Domiciled in Ireland	AAA	11,900
Lloyds - LAMS	UK	A	1,000
Total			54,900

Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2015, the probability of any default is 0.045% or £24,920.

Liquidity and Refinancing Risk – further disclosures

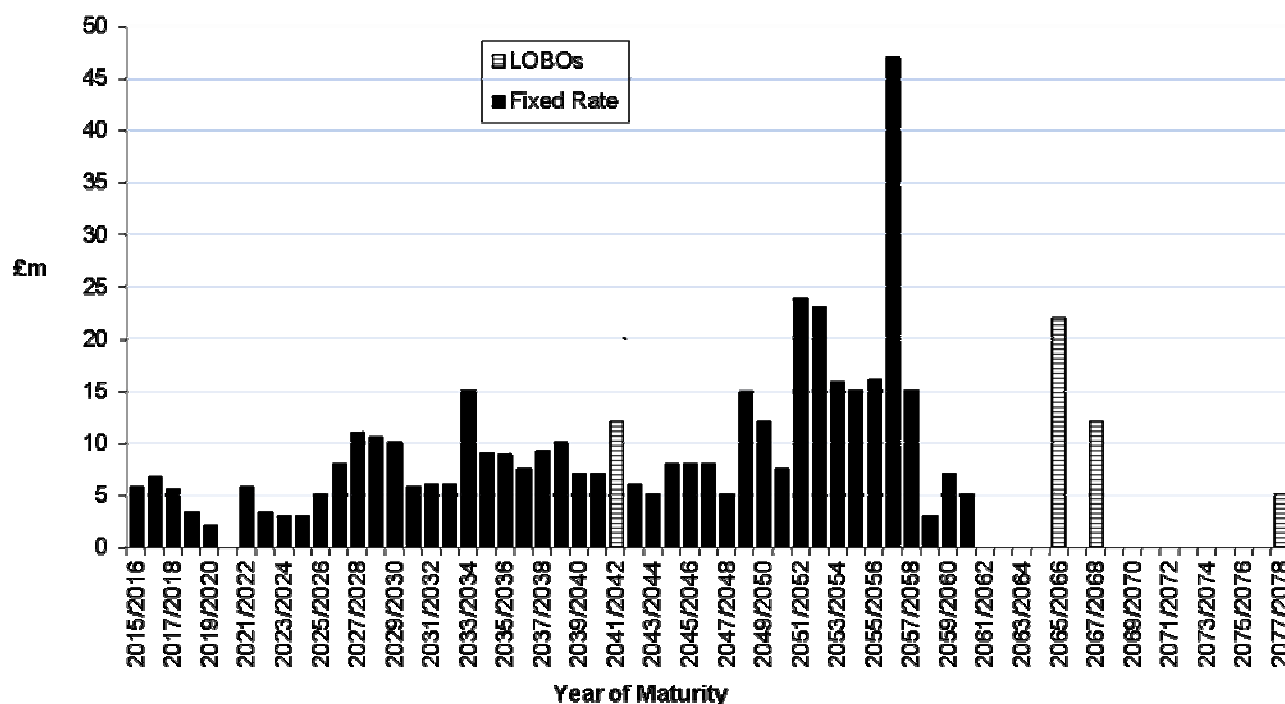
This is the possibility that the Authority may not have funds available to meet its commitments to make payments or have to renew a financial instrument on maturity at disadvantageous interest rates or terms. The Council manages its daily liquidity position by undertaking cash flow modelling. The Council has ready access to funds from the financial markets and Public Works Loan Board in order to raise finance to meet its commitments under financial instruments and for the purposes of the prudent management of its financial affairs. Within its Treasury Management Strategy, limits are set on the proportion of its fixed rate loans maturing during specified periods. The amounts of fixed rate debt maturing in any period are disclosed in the following table:-

Notes to the Core Financial Statements

31 March 2014 £000	Loans Outstanding	31 March 2015 £000
420,695	Public Works Loans Board	418,077
51,000	LOBO's	51,000
1,621	Market Debt / Bonds	1,468
473,316	Total	470,545
7,830	Under 12 months	5,737
5,719	12 months and within 24 months	6,726
15,629	24 months and within 5 years	10,941
14,147	5 years and within 10 years	15,150
80,306	10 years and within 20 years	86,306
76,602	20 years and within 30 years	80,602
126,049	30 years and within 40 years	133,049
108,034	40 years and within 50 years	93,034
34,000	50 years and within 60 years	34,000
5,000	60 years and within 70 years	5,000
473,316	Total	470,545

The total values in the above table can be reconciled to the carrying amount of all financial liabilities carried at amortised cost by the addition of accrued interest of £5.748 million and short term borrowing of £1.479 million. It should be noted that a further £187 million of borrowing will be undertaken in 2015/16 to make the settlement payment to HM Treasury to exit the Housing Finance Subsidy system.

The Council's debt maturity profile at 31 March 2015 is shown in the following graph on the assumption that all loans run to their final maturity.



Notes to the Core Financial Statements

Currently, £24 million of the Lender Option Borrower Option loans are subject to the lender having the right to change the rate of interest payable every six months. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. Details are shown in the following table:-

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	01/09/2015	6 months	23/05/2067
6	21/05/2015	6 months	21/11/2041
6	21/05/2015	6 months	21/11/2041
6	21/05/2015	6 months	23/05/2067
22	21/11/2015	5 years	23/11/2065
5	05/01/2018	5 years	17/01/2078

In respect of trade and other payables, the Council aims to make payment within 10 days in respect of undisputed invoices.

Interest Rate Risk – further disclosures

The possibility that financial loss might arise for the Authority as a result of changes in interest rates.

The main impacts of interest rate movements are set out below:-

Variable affected by interest rate fluctuations	Impact of Variation	Actions to mitigate interest rate risk
Interest earned on variable rate investments	Interest rate rises will increase income credited to the Comprehensive Income and Expenditure Statement, while reductions may result in less income than budgeted.	<ul style="list-style-type: none"> Production and Council approval of a Treasury Management Strategy at the start of each financial year, setting limits for fixed and variable rate exposure.
Interest paid on variable rate borrowings	If interest rates rise, lenders may exercise options to increase rates in a Lender Option Borrower Option loan potentially increasing the interest expense charged to the Comprehensive Income and Expenditure Statement, should the Council accept the higher rate.	<ul style="list-style-type: none"> Interest rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year.
Fair value of fixed rate financial assets	Interest rate rises will cause fair value to fall. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	<ul style="list-style-type: none"> By borrowing fixed rate, the Council aims to minimise the revenue impact of interest fluctuations to provide stability for planning purposes. Council borrowing is primarily at fixed rather than variable rates.
Fair value of fixed rate financial liabilities	Fair value will fall if interest rates rise. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	

To give an indication of the Authority's sensitivity to interest rate change, the table indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2014/15 been on average 1% higher with all other variables held constant.

Notes to the Core Financial Statements

Interest Rate Risk Income and Expenditure Account	£000
Increase in interest payable on borrowings	(212)
Interest in interest receivable on investments	376
Impact on Income and Expenditure Account	164
Increase in interest transferred to HRA	(52)
Increase in interest transferred to other balances and accounts	(69)
Net Income / (Expenditure)	43

Changes in Fair Value	£000
Decrease in Fair Value of Fixed Rate Investments	240
Decrease in Fair Value of Fixed Rate Borrowings	99,222

The impact of a 1% fall in interest rates may not have exactly the opposite effect, since financial instruments with calls may not be exercised by the lender or borrower.

Foreign exchange risk

The Authority's exposure to loss arising from movements in exchange rates is minimal. Borrowing and investments are carried out only in sterling.

Price Risk

This is the possibility of the Council having financial gains or losses from movements in prices of financial instruments. The Council invests primarily in those instruments where the sum returned on maturity is the same as the initial amount invested. Whilst the Council, excluding the pension fund, could invest directly in products such as Bank Certificates of Deposits and Gilts, at the Balance Sheet date, the Council did not have any direct holding.

The Council's 100% shareholding in Cardiff City Transport Services Ltd is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. A general shift of 5% in the fair value (positive or negative) would result in a £678,000 gain or loss being recognised in the Movement in Reserves Statement.

22. Held for Sale Assets

2013/14 £000		2014/15 £000
1,013	Balance at 1 April	380
0	De-recognition	(10)
513	Reclassified to/(from) Held for Sale	3,504
(123)	Revaluation increases /(decreases) to RR*	(330)
(1,023)	Revaluation increases /(decreases) to SDPS**	(504)
380	Balance at 31 March	3,040

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

Notes to the Core Financial Statements

23. Debtors

31 March 2014 £000		31 March 2015 £000
38,268	Central Government Bodies	53,746
3,338	Other Local Authorities	7,008
5,235	NHS Bodies	4,883
17	Public Corporations & Trading Funds	38
25,243	Other Entities and Individuals	25,307
72,101	Total Debtors Net of Impairments	90,982

24. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
323	Cash	182
9,219	Bank (including cheque book schools)	11,051
32,219	Short-term deposit with banks and building societies	11,904
41,761	Total Cash and Cash Equivalents	23,137

Included within the bank figure above are [bank balances of chequebook schools](#) totalling **£1.644 million** (£1.245 million in 2013/14).

In addition to the above, at 31 March 2015 the Council held **£1.114 million** (£938,000 at 31 March 2014) on behalf of third parties, mainly Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

25. Creditors

31 March 2014 £000		31 March 2015 £000
(13,403)	Central Government Bodies	(11,252)
(2,120)	Other Local Authorities	(6,576)
(853)	NHS Bodies	(860)
(43)	Public Corporations & Trading Funds	(12)
(59,408)	Other Entities and Individuals	(76,101)
(75,827)	Total Creditors	(94,801)

26. Interests in companies and other organisations

The Council has interests in 3 subsidiary companies and one joint venture. The interest in Cardiff City Transport Services Ltd is consolidated into the Council's group accounts, on pages 142 to 163. The interests in the other organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the Authority to a material level of commercial risk. They have therefore been excluded from the consolidation in 2014/15.

Notes to the Core Financial Statements

Cardiff City Transport Services Ltd. (Cardiff Bus)

Cardiff City Transport Services Limited is a private limited company with a share capital £4,618,000, which is wholly owned by the Council. Cardiff City Transport Services Ltd. was set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation and started operations in October 1986. The company's operating results for 2014/15 as summarised below:

	Year to 31 March 2014 £000	Year to 31 March 2015 £000
Turnover	(35,054)	(36,571)
Operating and other expenditure	33,494	33,912
Net (Profit) / Loss before Taxation	(1,560)	(2,659)
Less: Taxation	345	0
(Profit) / Loss after Taxation	(1,215)	(2,659)

A summary of the company's financial position is as follows:

	31 March 2014 £000	31 March 2015 £000
Bus and other operating assets	20,055	19,940
Current Assets	5,409	6,663
Less Current Liabilities	(3,383)	(3,483)
Net Assets	22,081	23,120
Creditors: Amounts falling due after more than one year	(4,000)	(4,292)
Provisions & Long term liabilities	(3,060)	(2,865)
Deferred Taxation	(401)	(613)
Pension Liability	(2,910)	(3,753)
Total Assets less liabilities	11,710	11,597
Represented by:		
Share Capital	4,618	4,618
Profit and Loss account	6,111	6,685
IAS19 Pension Reserve	(2,910)	(3,753)
Revaluation Reserve	3,891	4,047
Net Worth	11,710	11,597

In 2014/15 the Council made payments totalling **£10.004 million** to Cardiff Bus (£11.068 million in 2013/14), of which £9.140 million related to concessionary fares payments (£10.052 million in 2013/14). The Council also received income of **£463,000** (£144,000 in 2013/14). During 2014/15 Cardiff Bus did not pay a dividend to the Council (£nil in 2013/14).

At 31 March 2015, Cardiff Bus had inter-company balances with the Council as follows: debtors **£117,000** (£206,000 in 2013/14); creditors **£29,000** (£31,000 in 2013/14).

The accounts for year ended 31 March 2015 have not yet been audited.

Cardiff Business Technology Centre Ltd. (CBTC Ltd.)

CBTC is a company limited by guarantee, which is wholly owned by the Council. The Council's guarantee to CBTC Ltd is to pay costs not exceeding £10 in the event of the company being wound up. The company's principal activity is to promote and assist in the development of new and existing high

Notes to the Core Financial Statements

technology companies through the provision of business/incubator premises with a high level of support services. The most recent operating results are shown as follows:

	Year to 31 March 2014 £000	Year to 31 March 2015 £000
Net (Profit)/Loss before taxation	(46)	(59)
Less: Taxation	10	2
(Profit)/Loss for year after taxation	(36)	(57)

A summary of the company's financial position is as follows:

	31 March 2014 £000	31 March 2015 £000
Total assets less current liabilities	920	956
Creditors: falling due after more than one year	(7)	(7)
Provision for taxation	(4)	(6)
Total Assets less liabilities	909	943
Represented by:		
Retained Profit	189	223
Revaluation Reserve	720	720
Net Worth	909	943

During 2014/15 the Council received income of **£36,000** (£25,000 in 2013/14) from CBTC Ltd. At 31 March 2015 CBTC Ltd. Owed the Council **£125,965** (£150,174 at 31 March 2014) and was owed **£10,851** (£10,850 at 31 March 2014).

The company's auditors are Gerald Thomas & Co. An unqualified audit opinion has been issued in respect of the accounts for the year ended 31 March 2015.

Cardiff Business Council

Cardiff Business Council is a company that was set up during 2013/14 to grow Cardiff's private sector by marketing and promoting the Cardiff Capital Region as a world-class destination for business investment and tourism. It is a wholly owned arms-length company of the Council limited by guarantee. The company's closing operating results, as summarised as follows, are provisional:

	Period to 31 March 2014 £000	Year to 31 March 2015 £000
Net (Profit)/Loss before taxation	(197)	59
Taxation	0	0
(Profit)/Loss for year after taxation	(197)	59

A summary of the company's financial position is as follows:

	31 March 2014 £000	31 March 2015 £000
Total assets less current liabilities	197	137
Total assets less liabilities	197	137
Represented by		

Notes to the Core Financial Statements

	31 March 2014 £000	31 March 2015 £000
Retained Profit	(197)	(137)
Balance	(197)	(137)

During the year the Council made core funding payments totalling **£500,000** to Cardiff Business Council and received income from the Company totalling **£92,165**. The Council incurred other expenditure in connection with Cardiff Business Council totalling **£104,792**. At 31 March 2015 the Company owed the Council **£17,717** (£73,130 at 31 March 2014) and was owed **£43,895** (£112,810 at 31 March 2014) by the Council.

The company's auditors are Broomfield & Alexander Ltd. An unqualified audit opinion has been issued in respect of the accounts for the year ended 31 March 2015.

Cardiff Medicentre Joint Venture

Cardiff Medicentre was established to provide facilities for small firms in the medical and health care sector and is the result of a joint collaboration between the Council, Cardiff University, Welsh Government and the Cardiff and Vale University Health Board. The Council owns a 44.5% share which is shown in the Council's balance sheet as an investment.

During 2014/15 the Council received a total income of **£4,750** from Medicentre (£4,500 in 2013/14). No decision has as yet been reached as to the profit distribution to be made in respect of the 2014/15 surplus (£nil in 2013/14). At 31 March 2015 Medicentre there is no outstanding money owing to the Council (£nil at 31 March 2014). A net surplus of **£163,365** was made in 2014/15 (net surplus of £137,895 in 2013/14).

The Medicentre's auditors are Gerald Thomas & Co. An unqualified audit opinion has been issued in respect of the accounts for the year ended 31 March 2015.

27. Provisions

	Balance 1 April 2014	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2015
	£000	£000	£000	£000
Cardiff Insurance Provisions	(11,980)	5,810	(5,164)	(11,334)
MMI Scheme of Arrangement Levy	(450)	0	(254)	(704)
Termination Benefits Provision	(856)	856	(59)	(59)
Ferry Rd Landfill Provision	(9,096)	0	0	(9,096)
Lamby Way Landfill Provision	(18,088)	1,095	0	(16,993)
Other Provisions	(2,431)	1,547	(1,340)	(2,224)
Total Provisions	(42,901)	9,308	(6,817)	(40,410)

	Not later than one year	Later than one year	Balance 31 March 2015
	£000	£000	£000
Cardiff Insurance Provisions	(4,924)	(6,410)	(11,334)
MMI Scheme of Arrangement Levy	(50)	(654)	(704)
Termination Benefits Provision	(59)	0	(59)
Ferry Rd Landfill Provision	(45)	(9,051)	(9,096)

Notes to the Core Financial Statements

	Not later than one year	Later than one year	Balance 31 March 2015
	£000	£000	£000
Lamby Way Landfill Provision	(2,064)	(14,929)	(16,993)
Other Provisions	(1,869)	(355)	(2,224)
Total Provisions	(9,011)	(31,399)	(40,410)

The **Cardiff Insurance provision** represents sums set aside to meet the cost of claims received, but not yet settled, by the Council.

The Council operates a system of self insurance which provides cover either in part or in total for a considerable number of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self-funded whereas full cover is provided for secondary risks such as 'All Risks'. In total, insurance is provided for 32 different types of risk which have the potential to have a serious affect on the financial position of individual establishments and Directorates. These risks have been selected for insurance after consultation with the Council's insurance brokers.

Charges are made to Directorates on the basis of the assets insured for vehicle and property related insurances and on the basis of claims' experience for public and employers' liability insurances.

Municipal Mutual Scheme of arrangement levy provision represents a scheme that was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of future claims.

Termination Benefits Provision represents the obligation the Council has following the decision to terminate an employee's employment, where the employee has not yet left the Authority, but there is a communication to the affected employee outlining a plan of termination.

Landfill Aftercare Provision - The Council has numerous landfill sites throughout the City's boundaries and whilst many are historic and have no obligations, others such as Lamby Way and Ferry Road require the Council to address restoration and after care in accordance with obligations made to Natural Resources Wales as part of initial permits. Such financial obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure obligations. During 2013/14, the Council's Waste Management service produced estimates of such costs as part of its Aftercare Management Plan, which will need to be professionally reviewed periodically.

Within other provisions is an amount of **£495,614** in respect of the potential early termination of the automated public conveniences contract.

28. Pension Strain

In addition to the costs of redundancy payments made to leavers, in some cases the Authority also incurs costs relating to Pension Strain which it is required to pay over to the Pension Fund when individuals leave via the Severance Scheme.

This applies only to leavers who are members of the Local Government Pension Scheme and aged 55-59 at the date they leave employment with the Authority. The pension strain cost to the Authority is the amount it has to pay over to the Pension Fund to compensate for the lost pension contributions for these staff.

The Council has an arrangement in place with the Cardiff & Vale Pension Fund whereby it pays the amounts due in respect of pension strain over a 5 year period in order to spread the impact of these costs. The following table shows the level of pension strain in the balance sheet.

Notes to the Core Financial Statements

	Balance at 31 March 2014 £000	Balance at 31 March 2015 £000
Pension Strain due within 1 year	2,486	2,830
Pension Strain due later than 1 year	5,766	6,252
Total Pension Strain	8,252	9,082

29. Deferred Liabilities

	Balance 1 April 2014 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2015 £000
Commuted Maintenance Sums	(8,500)	1,078	(819)	(8,241)
Total Deferred Liabilities	(8,500)	1,078	(819)	(8,241)

	Not later than one year	Later than one year	Balance 31 March 2015
Commuted Maintenance Sums	(1,024)	(7,217)	(8,241)
Total Deferred Liabilities	(1,024)	(7,217)	(8,241)

30. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts available to finance future capital expenditure, after setting aside any amounts as provision to repay external loans. The movements are as follows:

2013/14 £000		2014/15 £000
1,605	Balance as at 1 April	1,399
	Movements during Year:	
2,696	Sale of Land, Buildings and other assets	3,825
854	Sale of Council Dwellings	2,022
3	Private Mortgage Repayments	13
143	Recoupments of grant/other	204
3,696		6,064
(3,354)	Finance Capital Expenditure	(4,753)
(545)	Provide for Repayment of External Loans	(1,361)
(3,899)		(6,114)
(3)	Additional set aside from Private Mortgage Repayments	(13)
1,399	Balance as at 31 March	1,336

The balance held at 31 March 2015 relates primarily to sums received for housing purposes and to be used for future housing capital schemes

Notes to the Core Financial Statements

31. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its non current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

The Reserves contain only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The movements are as follows:

2013/14 £000		2014/15 £000
317,680	Balance as at 1 April	206,879
19,902	Upward revaluation of assets	937
(127,651)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(3,256)
(107,749)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(2,319)
(2,909)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(3,017)
(143)	Accumulated gains on assets sold or scrapped	(172)
(3,052)	Amount written off to the Capital Adjustment Account	(3,189)
206,879	Balance as at 31 March	201,371

Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. The Account is credited with the amounts used as finance for capital expenditure. It contains accumulated gains and losses on Investment Properties, amounts set aside to repay external loans and also revaluation gains accumulated on non current assets before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all of the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 (Restated) £000		2014/15 £000
1,263,727	Balance as at 1 April 2014	1,156,598
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(56,725)	Charges for depreciation and impairment of non-current assets	(62,305)
14,931	Reverse previous impairment on revaluation	951
(142,461)	Revaluation losses on Property, Plant and Equipment	(2,160)
(904)	Amortisation of intangible assets	(846)
(3,396)	Expenditure on REFCUS	(749)
(2,008)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,413)
(190,563)		(66,522)
2,909	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	3,017
(187,654)	Net written out amount of the cost of non-current assets consumed in	(63,505)

Notes to the Core Financial Statements

2013/14 (Restated) £000		2014/15 £000
	the year	
	Capital financing applied in the year:	
3,354	Capital Receipts	4,753
3,197	Direct Revenue Financing	4,621
892	Reserves and provisions	959
216	Insurance settlement	31
52,948	Grants and contributions	28,134
25,651	Prudent Revenue Provision	26,273
646	Capital receipts used to repay external loans	1,361
(5,056)	Impair Glamorgan County Cricket Club loan	0
(141)	Reduction in loan debtors	(243)
13	Leased vehicles	0
81,720		65,889
(162)	Movements in the market value of Investment Properties	6,230
(1,033)	Movement in the value of Held for Sale assets	(504)
1,156,598	Balance as at 31 March	1,164,708

*Further detail on the recognition of VA/VC/Foundation Schools can be found in note 20.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. The Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Useable Capital Receipts Reserve. The movements are as follows:

2013/14 £000		2014/15 £000
851	Balance as at 1 April	104
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(747)	Transfers to the Capital Receipts Reserve upon receipt of cash	(17)
104	Balance as at 31 March	87

Following consent given to Cardiff City Football Club for the development of the hotel site and former coach park in 2009/10, a £720,000 premium payable to the Council was paid to the Council in 2013/14.

Available for Sale Financial Instruments Reserve

Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

Notes to the Core Financial Statements

2013/14 £000		2014/15 £000
16,262	Balance as at 1 April	15,774
(488)	Downwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(2,211)
15,774	Balance as at 31 March	13,563

Whilst the Council's shareholding in Cardiff Bus is not listed on any quoted market, accounting rules require a valuation be estimated to comply with accounting for Financial Instruments. Any change in value within the Council's accounts does not have an impact on the Council Tax payer, revenue budget or cash flow in any one year as any movement in value of the asset is reflected in a corresponding reserve, the 'available for sale reserve' as it is required to be called. The fair value of the investment at 31 March 2015 is deemed to be £13.563 million, a decrease of £2.211 million from the value previously determined in 2013/14. This value is determined by applying a multiplier to the Company's EBITDA, both of which are likely to fluctuate.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains entries required by legislation to ensure that the impact on Council Tax, resulting from accounting for various Financial Instruments is neutralised.

2013/14 £000		2014/15 £000
(3,051)	Balance as at 1 April	(2,709)
342	Proportions of premiums and discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	342
(2,709)	Balance as at 31 March	(2,367)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 (Restated) £000		2014/15 £000
(713,470)	Balance as at 1 April	(481,278)
266,411	Actuarial gains or losses on pensions assets and liabilities	(51,492)
(75,483)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement *	(57,171)
(2,096)	Reversal of amounts accrual in respect of pension strain for future years	(830)
43,360	Employer's pensions contributions and direct payments to pensioners payable in the year	41,903
(481,278)	Balance as at 31 March	(548,868)

Notes to the Core Financial Statements

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to and from the Account.

2013/14 £000		2014/15 £000
(5,956)	Balance as at 1 April	(6,789)
(833)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(881)
(6,789)	Balance as at 31 March	(7,670)

32. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15:

	2013/14 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(339,678)	(326,291)
Outcome Agreement Grant	(3,303)	(3,305)
Concessionary Fares Grant	(11,220)	(10,303)
Council Tax Reduction Scheme	(2,542)	0
Non-Domestic Rates	(107,229)	(109,695)
Capital Grants	(26,406)	(26,340)
Developers' Contributions	(18,944)	(1,825)
Total	(509,322)	(477,759)
Credited to Services (Revenue Grants & Contributions)		
Central Government Bodies	(271,435)	(268,462)
Other Local Authorities	(4,916)	(6,995)
NHS Bodies	(7,235)	(7,498)
Public Corporations & Trading Funds	(67)	(108)
Other Entities and Individuals	(6,817)	(6,459)
Total	(290,470)	(289,522)

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2014 £000		31 March 2015 £000
	Capital Grants Receipts in Advance	
(306)	Central Government Bodies	(2,160)
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0

Notes to the Core Financial Statements

31 March 2014 £000		31 March 2015 £000
0	Other Entities and Individuals	0
(306)	Total	(2,160)

Capital expenditure and other Contributions Receipts in Advance:

2013/14 £000		2014/15 £000
(25,404)	Balance as at 1 April	(9,724)
	Movements during Year:	
(3,724)	Contributions received during the year	(2,523)
19,093	Contributions applied to expenditure during the year	1,850
311	Reclassification	302
(9,724)	Balance as at 31 March	(10,095)

This represents amounts received from predominantly developers and other external sources, which are yet to be used to fund specific future expenditure. Schemes to be funded are specific and very often time limited. The overall reduction in 2013/14 was primarily because of the use of a £17 million contribution received from Welsh Government and used towards purchase of land as part of the redevelopment of Central Square.

31 March 2014 £000		31 March 2015 £000
	Revenue Grants and Contributions Receipts in Advance	
(1,447)	Central Government Bodies	(3,005)
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
(916)	Other Entities and Individuals	(729)
(2,363)	Total	(3,734)

33. Contingent Assets & Liabilities

Assets

The Council holds a proportion of equity in a number of properties arising primarily from the [affordable housing contribution](#) that developers provide on new build developments. The equity proportions range from 20% to 40%, with the buyer nominated by the Council providing the balance of the resources to purchase the property. These properties were aimed at first time buyers who could not afford to buy a home on the open market. When the owner of the property wishes to sell their home, the Council have the first opportunity to nominate a purchaser from the assisted home ownership waiting list. If there is no nomination, the owner is free to sell on the open market and the Council is entitled to its relevant proportion of the market value of disposal in accordance with the charge on the property. This is treated as a capital receipt in the year that it is received. The estimated total value of equity provided at 31 March 2015 is **£4.691 million**.

At 31 March 2015, Glamorgan County Cricket Club owed the Council a total of £6.412 million. In March 2015, the Council considered a request from the club to write off 70% of sums due and restructure remaining sums in line with other major creditors. This is to be actioned in 2015/16 following completion of legal agreements and confirmation of no adverse tax implications for the club. Given the risks of recovery of sums due that still remain, the balance due of 30% (£1.924 million) remains 100% impaired, but is

Notes to the Core Financial Statements

shown as a contingent asset in the statement of accounts to reflect the amounts potentially receivable in accordance with the proposed restructured loan.

There are a number of outstanding VAT claims that could be due to the Council in the future. This includes further trade waste claims, parking claims and cultural exemption claims. Certain claims would also be subject to due interest being added to the amount received.

Liabilities

As at 31 March 2015 there existed 98 claims against the Council for which there is no insurance cover. The claims include unfair dismissal, racial and disability discrimination, repayment of hackney carriage licence fees, council house disrepairs, claims for refunds of searches carried out, outstanding equal pay claims and unsuccessful tender of procurement and breach of contract. The maximum liability in respect of the 98 claims is estimated to be £1.039 million although some are unknown. The Council is resisting liability in all cases, where appropriate the Council has included a provision for the estimated liability.

The former Authorities of South Glamorgan County Council and Cardiff City Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. As at 31 March 2015 this liability amounted to £2.513 million for the former South Glamorgan County Council (shared 72/28 with the Vale of Glamorgan) and £235,071 for the former Cardiff City Council.

The Scheme was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of any future claims. A 15% levy has been paid and open and new claims will be paid at 85%. The Council has recognised as a provision the sum of £704,349 as at 31 March 2015 (as disclosed at note 27 of the Notes to the Statement of Accounts). Additional levies may be imposed on Authorities. The value and timing of these is not yet known.

The Council continues to encourage expressions of interest in voluntary redundancy in order to meet future budget constraints. Expressions of interest are sought across the Council and business cases are assessed on a case by case basis. The cost of such cases is recognised and disclosed in the Statement of Accounts in the year in which the business case is approved since until that stage, any application for voluntary severance can be declined. Redundancies that have been approved in 2014-15 are included in the disclosure of exit packages at note 11.

34. Notes to Cash Flow Statement

Adjust net surplus or deficit on the provision of services for non-cash movements

	2013/14 (Restated) £000	2014/15 £000
Depreciation, impairment & amortisation	(191,410)	(58,635)
Charges made for retirement benefits (IAS19) less employers contributions	(35,052)	(20,238)
Contributions (to)/from provisions	3,273	5,153
Gain/loss on disposal of non-current assets	(2,150)	(1,586)
Increase/(decrease) in stock	(300)	(588)
Increase/(decrease) in debtors (exc capital)	(5,388)	1,247
(Increase)/decrease in creditors (exc capital creditors) & super fund	(12,641)	(14,593)
	(243,668)	(89,240)

Items in net surplus/ deficit on provision of services that are investing and financing activities

Notes to the Core Financial Statements

	2013/14 (Restated) £000	2014/15 £000
REFCUS	(3,396)	(749)
Net gain/(loss) on sale of non-current assets	2,821	5,774
Repayments of liabilities under finance leases	14	0
Capital grants/contributions recognised in I&E	53,164	28,165
Other cash items which effect investing or financing activities	(2,016)	(13,885)
	50,587	19,305

35. Voluntary and Compulsory Severance

During the year, circa **652 people** left the Council under its voluntary severance scheme. It is likely that this will continue during 2015/16. In total the severance costs incurred during the year amounted to **£11.900 million** (£9,742 million in 2013/14) of which **£0.402 million** (£0.292 million in 2013/14 related to staff working under the Asylum Seeker contract or the HRA. The balance of **£11.498 million** severance cost related to Council fund services. This was paid from within in-year revenue resources.

36. Events after the Reporting Period

The Council has worked actively with Welsh Government, Welsh Local Government Association and other Housing Stock retaining Authorities to secure exit from the Housing Revenue Account Subsidy System, which has been in place for some time. This was achieved in England in 2012. The new arrangements mean that, from April 2015, the Council will no longer have to pay circa £15 million from tenant rents to the Welsh Government, which is then passed on to UK Treasury each year. Instead, the Council has made a one-off payment of £187 million as a “buy out” to the Welsh Government/UK Treasury on 2 April 2015. In accordance with Treasury and Welsh Government requirements, this was paid by undertaking borrowing from the Public Works Loan Board at interest rates determined by HM Treasury. This will impact on Balance sheet liabilities as well as financial instruments notes for the 2015/16 Statement of Accounts in respect of Council borrowing.

37. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 24 September 2015 by Corporate Director Resources. Post Balance Sheet events have been considered up to this date.

Housing Revenue Account

The **HRA Income and Expenditure Account** shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2013/14			2014/15
£000		Note	£000
	Expenditure		
18,524	Repairs and maintenance		20,739
17,255	Supervision and management		17,833
198	Rents, rates, taxes and other charges		128
15,062	Housing Revenue Account subsidy payable		14,464
446	Provision for bad and doubtful debts		523
13,113	Depreciation, impairment and revaluation of non-current assets	9	15,899
0	Sums directed by the Welsh Government that are expenditure in accordance with the Code	10	353
30	Debt management costs		32
64,628	Total Expenditure		69,971
	Income	2	
(56,398)	Dwelling rents		(58,586)
(81)	Non-dwelling rents		(67)
(6,508)	Charges for services and facilities		(6,578)
(62,987)	Total Income		(65,231)
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		4,740
1,641	HRA Services' share of Corporate and Democratic Core		42
1,683	Net Cost for HRA Services		4,782
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(561)	(Gain)/loss on sale of HRA non-current assets		(2,819)
4,756	Interest payable and similar charges		4,806
0	Changes in fair value of investment properties		80
(65)	Interest and Investment income	3	(65)
(10,248)	Capital Grants and Contributions applied		(11,480)
(4,435)	(Surplus)/Deficit for year on HRA services		(4,696)

Notes to Housing Revenue Account

MOVEMENT ON HRA STATEMENT

2013/14 £000		Note	2014/15 £000
(7,295)	Balance on the HRA at the end of the previous year		(8,124)
(4,435)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(4,696)
4,234	Adjustments between accounting basis and funding basis under regulations	1	4,828
(201)	Net (increase)/decrease before transfers to or from reserves		132
(628)	Transfers to/(from) reserves		(446)
(829)	Increase or decrease in the year on the HRA		(314)
(8,124)	Balance on the HRA at the end of the current year		(8,438)

1. Adjustments between Accounting Basis and Funding Basis Under Regulations

2013/14 £000		Note	2014/15 £000
	Adjustments primarily involving the Capital Adjustment Account:		
	Reversal of items debited or credited to the HRA Income and Expenditure Statement:		
13,113	Charges for depreciation and impairment of non-current assets	9	15,899
0	Movement in the market value of investment properties		80
55	Sums directed by Welsh Government	10	353
0	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		1,145
(10,248)	Capital grants and contributions applied		(11,480)
	Insertion of items not debited or credited to the HRA Income and Expenditure Statement:		
(4,074)	Prudent Provision for the financing of capital investment		(2,899)
(2,198)	Capital expenditure funded by the HRA		(3,761)
	Adjustments involving the Pensions Reserve:		
1,428	Net Retirement Benefits per IAS19		1,290
(15)	Pension Strain Accrual – future years		(14)
(1,755)	Employers Contributions to pension schemes		(1,507)
	Adjustments involving the Capital Receipts Reserve:		
(561)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(4,101)
18	Credit for disposal costs that qualify to be met from the resulting capital receipts		35
	Adjustments involving the Revaluation Reserve:		
0	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		137
	Adjustments involving the Accumulated Compensated Absences Account:		
5	Amount by which officer remuneration charged to the HRA Income & Expenditure Account on an accruals basis is different from remuneration chargeable in accordance with statutory requirements		(3)
	Adjustments involving the Financial Instruments Adjustment Account:		
(2)	Amortisation of premiums and discounts		(2)
(4,234)	Total Adjustments		(4,828)

Notes to Housing Revenue Account

Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Vacancies accounted for 2.04% of rental income (2.52% in 2013/14). Average rents were £84.33 per week (£81.36 in 2013/14) based on a 52 week year.

2. Rent Arrears and Bad Debt Provision

	As at 31 March 2014		As at 31 March 2015	
	Rent arrears £000	Bad debt provision £000	Rent arrears £000	Bad debt provision £000
Ordinary HRA	2,140	1,697	2,459	1,929
Leasehold properties	52	52	44	44
Hostels	89	89	121	121
Total	2,281	1,838	2,624	2,094

In addition the following sums were also due from tenants:

	As at 31 March 2014		As at 31 March 2015	
	Arrears £000	Bad debt provision £000	Arrears £000	Bad debt provision £000
Service Charges	62	37	55	33
Tenants recoverables	299	299	294	294
Total	361	336	349	327

During 2014/15 a number of old debts totalling £221,951 were written off as irrecoverable (£384,880 in 2013/14).

3. Investment Income

The figure for HRA investment income includes mortgage interest, interest earned on notional cash balances and repayments of retained equity.

4. Pension Costs

In accordance with IAS19 the amount included within Supervision and Management in respect of employee costs includes the current service cost for pensions. In order that the bottom line pension cost borne by the HRA equals the total employer's contributions paid to the Pension Fund in the year plus any discretionary benefits payable to ex-housing staff, a transfer has been made to the Pensions Reserve as follows:

	2013/14 £000	2014/15 £000
Cost of employer's contributions plus discretionary benefits	1,755	1,507
Current service cost	(1,428)	(1,290)
Pension Strain Accrual - Future Years	15	14
Net transfer to Pensions Reserve	342	231

No attempt has been made to apportion a share of the pensions interest cost and expected return on pensions assets to the HRA as there is no valid basis of apportionment.

Notes to Housing Revenue Account

5. Mortgages on Sold Council Houses

Mortgage arrears amounted to £15,621 (£17,333 in 2013/14) and prepayments were £1,759 (£17,595 in 2013/14).

6. Housing Stock

The Council's housing stock is shown below:

	31 March 2014	31 March 2015
Houses	7,286	7,268
Bungalows	624	624
Flats/Bedsits	5,113	5,110
Maisonettes	291	240
Retirement complexes	358	358
Total	13,672	13,600

The Council also had:

	31 March 2014	31 March 2015
Bed spaces in hostels	9	9
Flats in hostels	49	49
Total	58	58

7. Capital Expenditure and Capital Financing

2013/14		2014/15
£000		£000
93,898	Opening Capital Financing Requirement	96,360
	Capital Expenditure:	
12,154	Council dwellings	17,777
(314)	Other land & buildings	22
92	Vehicles, plant & equipment	1
428	Surplus assets	422
181	Assets under construction	1,029
232	Intangible Assets including intangible AUC	61
55	Expenditure on REFCUS	353
7,040	Appropriation of Land	1,100
	Sources of Finance:	
(375)	Capital Receipts	(3,237)
(10,268)	Government grants and other contributions *	(11,480)
(2,185)	Direct revenue contributions and reserves	(3,761)
(4,578)	Prudent revenue and capital provision for loan repayment	(4,129)
96,360	Closing Capital Financing Requirement	94,518
	Explanation of Movements in Year:	
(2,024)	Decrease in Underlying need to borrow (supported by government financial assistance - relating to previous years)	(2,850)
4,486	Increase in Underlying need to borrow (unsupported by government financial assistance - relating to previous years)	1,008
2,462	Movement in capital financing requirement	(1,842)

Notes to Housing Revenue Account

*£9.6 million (£9.6 million in 2013/14) of Major Repairs Grant was received and applied in the year.

8. Capital Receipts

Proceeds from the disposal of HRA Assets during 2014/15 were as follows:

- Council Dwellings, Repayment of Discount & Home Purchase Contributions £2.022 million (£854,000 in 2013/14)
- Land £2.061 million (£207,000 in 2013/14)

9. Depreciation, Impairment and Revaluation charged

Depreciation and impairment was charged on HRA assets as follows:

	2013/14 £000	2014/15 £000
Council dwellings	12,232	13,877
Land and buildings	759	1,901
Vehicles, plant & equipment	122	123
Total depreciation, impairment and revaluation	13,113	15,901

Such charges to the HRA and changes in valuation do not have any impact on the amount required to be collected from rents as all such adjustments to non-current assets are required to be neutralised from capital reserves.

10. Sums directed by the Welsh Government

Revenue expenditure funded from capital under statute charged to the Housing Revenue Account in 2014/15 was **£353,000** (£55,000 in 2013/14).

	2013/14 £000	2014/15 £000
<i>Movements in Year:</i>		
Buildings not owned by the Council	55	353
Charged to Income and Expenditure Account*	55	353
<i>Funded by:</i>		
Borrowing, receipts and other capital resources	55	353
	55	353

Foreword

The County Council of the City and County of Cardiff is the Administering Authority for the Cardiff & Vale of Glamorgan Pension Fund which is itself part of the national Local Government Pension Scheme (LGPS) for England & Wales. The regulations for the Scheme are determined by the UK Government.

The Pension Fund's assets grew by 12.5% during 2014/15, from £1.49 billion to £1.68 billion. Despite periods of volatility, global equity markets performed well over the year with growth in asset values exceeding 20% in sterling terms in some overseas regions. The Fund has benefitted from the agreement of the Investment Advisory Panel to increase the proportion of assets invested overseas. The continuing low interest rates remain a concern while Fund liabilities are also estimated to have increased since the 2013 valuation. The next valuation will take place in 2016.

New regulations for the LGPS were introduced on 1 April 2014. The scheme is now a Career Average Revalued Earnings (CARE) arrangement which is linked to the State Pension Age, although benefits earned prior to that date are protected and will continue to be based on the member's service up to 31 March 2014 and final salary on retirement.

During the past year the Department for Communities and Local Government (DCLG) has continued to consult on issues affecting the governance and structure of the LGPS. In May and June 2014 consultations were issued on collaborative investments and draft regulations on scheme governance. Whilst the government has not made any further announcements in response to the consultation on investments, the governance regulations were finalised in January 2015. The regulations require each LGPS administering Authority to establish a Local Pension Board in compliance with the Public Services Pensions Act 2013.

The Council established its Local Pension Board on 29 January 2015. The Board comprises three employer representatives, three scheme member representatives and an independent (non-voting) chair. The Board's role is to assist the Council in securing compliance with the LGPS regulations and related legislation. Information about the Board's membership and activities will be made available via the Council web site.

Despite these changes, the Fund's key objective continues to be to provide pensions effectively and efficiently, with the aim of minimising the burden on contributing employers over the long term.

Christine Salter
Corporate Director Resources
June 2015

Cardiff and Vale of Glamorgan Pension Fund

Actuarial Statement

Cardiff and Vale of Glamorgan Pension Fund

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2013 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Position

1. The valuation as at 31 March 2013 showed that the funding ratio of the Fund had improved since the previous valuation, with the market value of the Fund's assets at that date (of £1,369M) covering 82% of the liabilities in respect of service prior to the valuation date allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions to be paid to the Fund by participating employers with effect from 1 April 2014 was:
 - 15.4% of pensionable pay. This was the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date.
Plus
 - Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 23 years from 1 April 2014, amounting to £16.9M in 2014/15, and increasing by 3.4% p.a. thereafter, before any phasing in or 'stepping' of contribution increases.
This would imply an average employer contribution rate of about 22.2% of pensionable pay in total, if the membership remains broadly stable and payroll increases by 3.4% p.a.
3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon Hewitt's report dated 28 March 2014 (the actuarial valuation report). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
4. The funding plan adopted in assessing the contributions for each individual employer was in accordance with the Funding Strategy Statement in force at that time. The approach adopted, and the recovery period used for each employer, is set out in the actuarial valuation report.
5. The actuarial valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled Bodies	5.6% p.a.
Admission Bodies	5.2% p.a.
Discount rate for periods after leaving service	
Scheduled Bodies	5.6% p.a.
Admission Bodies	3.9% p.a.
Rate of pay increases	3.4% p.a.
Rate of increase to pension accounts	2.4% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% p.a.

Cardiff and Vale of Glamorgan Pension Fund

The assets were valued at market value.

Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2013. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
7. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2014 to 31 March 2017 were signed on 28 March 2014. Contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31 March 2016 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This statement has been prepared by the Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of City and County of Cardiff. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2013. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, City and County of Cardiff, in respect of this statement.

The report on the actuarial valuation as at 31 March 2013 is available on the Fund's website at the following address:

<https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Pensions/Documents/Actuarial%20Valuation%20Report%20-%2031%20March%202013.pdf>

Aon Hewitt Limited
May 2015

Cardiff and Vale of Glamorgan Pension Fund

FUND ACCOUNT FOR YEAR ENDED 31 MARCH 2015

2013/14 £000		2014/15 £000
	CONTRIBUTIONS AND BENEFITS	
	Contributions receivable	
58,961	from employers (note 5)	58,471
15,720	from employees (note 5)	16,026
3,872	Transfers in	2,978
23,630	Deficit Funding (note 5)	0
4,327	Other Income (Capitalised Payments and interest on deficit funding)	5,134
106,510		82,609
	Benefits Payable	
(52,321)	Pensions (note 6)	(55,983)
(16,784)	Lump Sums (note 6)	(19,439)
	Payments to and on account of leavers	
(10)	Refunds of contributions	(76)
(4,668)	Transfers out	(3,204)
(73,783)		(78,702)
	Net Additions/(Withdrawals) from dealings with Members of the Fund	
32,727		3,907
	RETURNS ON INVESTMENT	
12,746	Investment Income (note 9)	17,388
104,275	Change in market value of investments (note 10)	171,478
(5,048)	Management expenses (note 8)	(5,759)
111,973	Net Returns on Investments	183,107
	Net Increase/(Decrease) in the Fund During Year	
144,700		187,014
1,347,803	Opening Net Assets of the Scheme	1,492,503
1,492,503	Closing Net Assets of the Scheme	1,679,517

Cardiff and Vale of Glamorgan Pension Fund

NET ASSET STATEMENT AS AT 31 MARCH 2015

2013/14 £000		2014/15 £000
1,442,289	Investments at market value (note 10)	1,616,090
23,836	Cash & investment proceeds due (note 10)	37,061
1,466,125		1,653,151
	Current assets	
147	UK & Overseas Tax	121
4,471	Contributions due from Employers and deficit funding	4,488
118	Sundry Debtors (note 14)	793
2,733	Pension Strain costs due within one year	3,078
7,469		8,480
	Non current assets	
18,022	Deficit funding (former employers)	15,618
4,857	Pension strain costs due after one year	6,253
22,879		21,871
	Current liabilities	
(2,811)	Unpaid Benefits	(3,055)
(1,159)	Sundry Creditors (note 14)	(930)
(3,970)		(3,985)
1,492,503	Net Assets of the Scheme	1,679,517

NOTES TO THE ACCOUNTS

1. The Statement of Accounts summarises the transactions and net assets of the Pension Fund for the financial year 2014/2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, 2014/2015 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the administering Authority. They do not take account of obligations to pay pensions and benefits which fall due after the year end. Under IAS26 the Fund is required to disclose the "actuarial present value of the promised retirement benefits". This figure has been calculated by the Actuary as at 31 March 2013 as £2,028.8 million, with a comparator value as at the 31 March 2010 valuation of £1,950.4 million.

The actuarial position is summarised in the Actuarial Statement which is included on pages 122 and 123. This shows that the overall funding level as at 31 March 2013 is 82%.

2. Accounting Policies

(a) Basis of Preparation

Bond and dividend income has been taken into account on the contractual payment date. Property and private equity income is credited on receipt. The Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme. All other income and expenditure has been accounted for on an accruals basis, except the liability to pay pensions and other benefits in the future. As per IAS 26, a disclosure has been made of the Fund's pension liability i.e. the actuarial present value of promised retirement benefits

(b) Valuation of Investments

Quoted bond and equity investments are valued at bid market value at close of business on the last working day in March 2015 (bid market value is the price at which an investment can be sold at a given date). Private Equity Fund investments are valued at fair value, as determined by the administrators of the Fund, based on valuations provided by the general partners of the underlying investments. Where this is a publicly traded investment the valuation is based upon the closing market prices at the balance sheet date of the Fund. If the investment is not publicly traded, the general partner will consider the operational results of the company or any recent transactions in the company. If the company's year end does not coincide with the Pension Fund's year end, the valuation is updated with regard to the calls and distributions made between the Private Equity Fund's audited account date and the Pension Fund's year end. Pooled vehicles are normally valued at bid prices where available. Overseas investments have been converted at WM/Reuters closing spot rates of exchange. Official SETS prices have been used for FTSE100 securities (plus the reserve list). Derivatives are stated at market value. The value of futures contracts is determined using exchange prices at the reporting date. The future value of forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

(c) Critical judgements in applying accounting policies

Unquoted private equity investments - These are inherently based on forward looking estimates and judgements valued by the investment managers using two main sets of valuation guidelines that apply to private equity; the Private Equity Valuation Guidelines (PEVG) in the US and the International Private Equity and Venture Capital Valuation Guidelines (IPEVCG) outside the US. The value of unquoted private equities at 31 March 2015 was **£87 million** (£93 million at 31 March 2014).

Pension fund liability -This is calculated by the actuary every three years with an annual statement in the intervening years. This is calculated in accordance with IAS19 and the main assumptions used in the

Cardiff and Vale of Glamorgan Pension Fund

calculation are summarised in the actuary's statement on page 122 and 123. This estimate is based on significant variances based on changes to the underlying assumptions.

(d) Assumptions made about the future and other major sources of estimation uncertainty.

The Statement of Accounts contains estimated figures based on assumptions made taking into account historical experience, current trends and other factors. As balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.
Private Equity Valuations	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £87 million. There is a risk that this investment may be under, or overstated in the accounts.

(e) Acquisition costs of Investments

Acquisition costs are included with the original book cost at the time of purchase. At the year end, however, investments on the balance sheet are valued at market value. The difference is recorded in the Accounts as "Change in Market Value of Investments".

3. Taxation

(a) UK Income, Capital Gains Taxes

The Fund is an exempt approved fund able to recover UK income tax. No Capital Gains Tax is chargeable.

(b) Value Added Tax

The accounts are shown exclusive of VAT. As the County Council is the administering Authority, VAT is recoverable on all Fund activities.

(c) Overseas Withholding Tax

Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income.

4. Titles of Ownership

Evidences of ownership for the property unit trusts and private equity holdings are held at County Hall. All other evidences of ownership were held at 31 March 2015 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

Cardiff and Vale of Glamorgan Pension Fund

5. Employing Bodies – Contributions

	No. of contributors at 31.03.15	Contribution rates (% of pensionable pay)	Additional lump sum (memo) £000	Employers £000	Employees £000	Total £000
SCHEDULED BODIES:						
Barry Town Council	13	27.0%	0	74	18	92
Cardiff and Vale College	371	13.6%	259	1,254	464	1,718
Cardiff City Transport	30	25.4%	480	729	65	794
City of Cardiff Council	9,160	22.9%	0	35,608	9,791	45,399
Cardiff Metropolitan University	767	13.6%	527	3,108	1,288	4,396
Cowbridge Town Council	4	27.0%	0	18	4	22
Dinas Powys Community Council	1	27.0%	0	7	1	8
Lisvane Community Council	1	27.0%	0	1	0	1
Llantwit Major Town Council	4	27.0%	0	18	4	22
Penarth Town Council	14	27.0%	0	73	17	90
Penllyn Community Council	1	27.0%	0	1	0	1
Public Services Ombudsman for Wales	3	32.3%	254	290	9	299
Radyr & Morganstown Community Council	1	27.0%	0	6	1	7
St David's Sixth Form College	37	13.6%	14	114	47	161
Stanwell School	75	16.4%	13	167	55	222
Vale Of Glamorgan Council	3,191	22.7%	0	12,037	3,332	15,369
Wenvoe Community Council	1	27.0%	0	2	0	2
Sub-total	13,674			53,507	15,096	68,603
ADMITTED BODIES:						
Cardiff Business Technology Centre	3	28.7%	0	14	3	17
Cardiff Gypsy & Traveller Project	1	23.4%	3	8	1	9
Cardiff Institute For The Blind	2	20.6%	57	66	3	69
Cardiff University	57	27.3%	1,300	1,684	89	1,773
Careers Wales (Cardiff & Vale)	84	18.1%	0	397	138	535
Children In Wales	22	24.7%	0	142	38	180
Civic Trust For Wales	0	23.4%	4	4	0	4
Colleges Wales	6	19.8%	9	67	23	90
Design Commission for Wales	4	20.3%	0	30	12	42

Cardiff and Vale of Glamorgan Pension Fund

	No. of contributors at 31.03.15	Contribution rates (% of pensionable pay)	Additional lump sum (memo)	Employers	Employees	Total
Memorial Hall	4	17.8%	0	17	6	23
Mirus Wales	6	23.4%	0	56	20	76
National Trust	11	20.7%	0	43	13	56
One Voice	2	19.4%	3	19	8	27
Play Wales	5	24.0%	4	57	17	74
Royal National Eisteddfod	12	25.5%	32	142	33	175
Sport Wales	131	20.2%	500	1,323	286	1,609
Wales & West Housing	1	20.6%	102	139	16	155
Welsh Council For Voluntary Action	73	21.4%	43	500	149	649
Workers Education Association	47	22.3%	5	256	75	331
Sub-total	471			4,964	930	5,894
Total	14,145			58,471	16,026	74,497

Additional deficit funding

There was no additional deficit funding in 2014/15

6. Employing Bodies - Benefits Paid

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
SCHEDULED BODIES:				
Barry Town Council	77	14	0	0
Cardiff City Transport	2,228	1,012	8	0
City of Cardiff Council	36,222	11,070	1,147	337
Cardiff and Vale College	562	211	0	0
Cardiff Metropolitan University	1,373	657	0	0
Cowbridge Town Council	11	0	0	0
Dinas Powys Town Council	9	0	0	0
Llantwit Major Town Council	18	0	0	0
Mary Immaculate High School	14	0	0	0
Penarth Town Council	42	5	0	0
Probation Service	250	8	0	0
Public Services Ombudsman for Wales	182	75	0	0
Radyr & Morganstown Community Council	17	0	0	0
Royal Welsh College of Music & Drama	76	0	0	0

Cardiff and Vale of Glamorgan Pension Fund

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
S Wales Magistrates Courts	316	348	0	34
St Cyres School	47	14	0	0
St David's Sixth Form College	63	32	0	0
Stanwell School	43	102	0	17
Vale of Glamorgan Council	10,497	3,066	319	97
Sub-total	52,047	16,614	1,474	485
ADMITTED BODIES:				
Cardiff Bay Arts Trust	11	0	0	0
Cardiff Bay Development Corp	489	15	0	0
Cardiff Business Technology Centre	12	0	0	0
Cardiff Gypsy & Traveller Project	11	0	0	0
Cardiff Institute for Blind	71	0	0	0
Cardiff University	1,014	156	61	10
Careers Wales (Cardiff & Vale)	293	87	0	0
Catholic Children's Society	2	0	0	0
Channel View Centre	5	0	0	0
Children in Wales	13	0	0	0
Citizens Advice Bureau (Cardiff)	13	0	0	0
Citizens Advice Bureau (Vale)	10	11	0	0
Civic Trust for Wales	16	33	0	0
Colleges Wales	49	180	0	0
Design Commission for Wales	3	0	0	0
Dimensions	9	0	0	0
Glam & Gwent Housing Assoc	58	0	0	0
Glamorgan Holiday Hotel	54	0	0	0
Higher Ed Development Wales	3	0	0	0
Housing for Wales	196	0	0	0
Intervol	22	0	0	0
Land Authority for Wales	318	22	0	0
National Eisteddfod	76	3	0	0
National Trust				
Memorial Hall	3	75	0	0
Mirus Wales (Opportunity Housing Trust)	22	0	0	0
Play Wales	20	0	0	0
S E Wales Com Trust	7	0	0	0
Sport Wales	757	163	3	6
STAR	7	0	0	0
Wales & West Housing	139	7	0	0
Wales Youth Agency	55	0	0	0
Welsh Council for Voluntary Action	164	27	7	0
Workers Education Association	14	0	0	0

Cardiff and Vale of Glamorgan Pension Fund

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
Sub-total	3,936	779	71	16
TOTAL	55,983	17,393	1,545	501

7. Membership of the Fund

Fund membership at 31 March 2015 is as follows:

	2013/14 Restated	2014/15
Contributing Employers	35	33
Contributors	13,922	14,145
Pensioners	9,866	10,194
Deferred pensioners	11,335	11,893
Total membership	35,123	36,232

8. Management Expenses

Management Expenses fully charged to the Fund are:

	2013/14 £000	2014/15 £000
Administration Costs	951	789
Investment Management Expenses	3,980	4,846
Oversight & Governance Costs	117	124
TOTAL	5,048	5,759

9. Investment Income

	2013/14 £000	2014/15 £000
UK Fixed Interest Securities	3,802	5,277
Overseas Fixed Interest Securities	1,120	2,345
UK Equities & Private Equity Funds	2,760	3,105
Pooled investments	1,134	1,278
Overseas Equities (net of irrecoverable tax)	3,234	3,682
Property Unit Trust Income	619	1,529
Interest on UK cash	66	75
Securities Lending	11	97
TOTAL	12,746	17,388

Cardiff and Vale of Glamorgan Pension Fund

10. Investments at Market Value

2013/14 £000		2014/15 £000
	UK Fixed Interest:	
46,589	Public Sector	53,976
8,051	Non Govt	0
107,302	Other (Pooled)	129,201
161,942		183,177
	Overseas Fixed Interest:	
0	Public Sector (Pooled)	0
58,120	Other	61,913
58,120		61,913
77,425	UK quoted Equities & Convertibles	101,886
157,972	Foreign quoted Equities	174,678
79,897	UK & Global Property (Pooled)	99,211
315,294		375,775
92,925	Private Equity	87,433
	Pooled Funds	
446,157	UK	484,258
367,851	Overseas	423,534
814,008		907,792
884	Derivatives: Forward Currency contracts	(2,209)
	Cash:	
16,950	UK	24,110
5,190	Overseas	13,559
812	Net investment proceeds due	1,601
22,952		39,270
1,466,125	TOTAL	1,653,151

Gross purchases in the year (excluding cash and forward currency) were £146.615 million, whilst sales were £141.299 million. From these a net realised profit was accrued to the Fund of £16.0 million. Profits and losses are calculated on historical costs. When only part of a holding is sold, the average cost method is used.

The managing companies of all the pooled managed Funds are UK registered. Private Equity Funds are not quoted on recognised stock exchanges and may not be realisable as readily as quoted investments. Other than pooled funds, no single investment accounted for more than 5% of the Fund's assets.

Cardiff and Vale of Glamorgan Pension Fund

	Value at 31/03/14	Purchase at cost	Sale Proceeds	Change in Market Value	Value at 31/03/15
	£000's	£000's	£000's	£000's	£000's
Fixed Interest Securities	220,062	65,699	(57,319)	16,648	245,090
Equities	235,397	66,497	(59,102)	33,772	276,564
Pooled Funds	814,008	784	0	93,000	907,792
Property unit trusts	79,897	5,779	0	13,535	99,211
Private equity	92,925	7,856	(24,878)	11,530	87,433
Sub total	1,442,289	146,615	(141,299)	168,485	1,616,090
Forward Currency	884	2,089,769	(2,098,490)	5,628	(2,209)
Futures	0	286,496	(286,496)	0	0
Total Derivatives	884	2,376,265	(2,384,986)	5,628	(2,209)
Debtors	812				1,742
Creditors	0				(141)
Managers' Cash	9,049				7,700
Internal Cash	12,625				24,110
Currency Overlay	466				5,859
Total Cash	22,952			(2,635)	39,270
Total Cash and Investment Proceeds Due	23,836			2,993	37,061
Total	1,466,125			171,478	1,653,151

Comparative Data for 2013/14	Value at 31/03/13	Purchase at cost	Sale Proceeds	Change in Market Value	Value at 31/03/14
	£000's	£000's	£000's	£000's	£000's
Fixed Interest Securities	219,150	77,421	(67,140)	(9,369)	220,062
Equities	207,401	88,401	(70,145)	9,740	235,397
Pooled Funds	711,647	18,695	0	83,666	814,008
Property unit trusts	75,238	0	(339)	4,998	79,897
Private equity	93,089	8,907	(14,874)	5,803	92,925
Sub total	1,306,525	193,424	(152,498)	94,838	1,442,289
Forward Currency	732	1,581,563	(1,592,067)	10,656	884
Futures	0	418,215	(418,215)	0	0
Total Derivatives	732	1,999,778	(2,010,282)	10,656	884
Debtors	1,754				812
Creditors	(9)				0
Managers' Cash	7,709				9,049
Internal Cash	16,288				12,625
Currency Overlay	6,929				466
Total Cash	32,671			(1,219)	22,952
Total Cash and Investment Proceeds Due	33,403			9,437	23,836
Total	1,339,928			104,275	1,466,125

Cardiff and Vale of Glamorgan Pension Fund

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year amounted to £298,009. In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

Analysis of derivatives

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. The use of derivatives is managed in line with the investment management agreement between the fund and the various investment managers.

Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a proportion of the fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the fund has a currency management overlay in place managed by Mesirow, which hedges significant long term currency movements to limit losses. The portfolio covers US dollars, Yen and Euro currencies.

11. Summary of Manager's Portfolio Values at 31 March 2015

	£000	% of Fund
Aberdeen Asset Management	244,159	14.8
Aberdeen Emerging Markets	58,585	3.5
Blackrock Investment Management	188,209	11.4
Invesco Perpetual	93,847	5.7
J P Morgan	67,775	4.1
Majedie	104,072	6.3
Nikko	94,447	5.7
Schroder Investment Managers	84,854	5.1
State Street Global Advisers	499,375	30.2
Property	99,210	6.0
Private Equity Managers	87,433	5.3
Mesirow currency overlay & cash with custodian	7,074	0.4
Internally managed (Cash)	24,111	1.5
Total	1,653,151	100

Cardiff and Vale of Glamorgan Pension Fund

12. Financial Instruments

a) Classification of financial instruments

31/03/2014				31/03/2015		
Fair Value through profit and loss £000	Loans and Receivables £000	Financial Liabilities at Amortised Costs £000		Fair Value through profit and loss £000	Loans and Receivables £000	Financial Liabilities at Amortised Costs £000
			Financial assets			
220,062	0	0	Fixed Interest Securities	245,090	0	0
235,397	0	0	Equities	276,564	0	0
814,008	0	0	Pooled Funds	907,792	0	0
79,897	0	0	Property Unit Trusts	99,211	0	0
92,925	0	0	Private Equity	87,433	0	0
41,742	0	0	Derivatives	156,416	0	0
0	22,140	0	Cash	0	37,669	0
812	0	0	Other investments	1,601	0	0
0	30,348	0	Debtors	0	30,351	0
1,484,843	52,488	0		1,774,107	68,020	0
			Financial liabilities			
(40,858)	0	0	Derivatives	(158,625)	0	0
0	0	0	Other investments	0	0	0
0	0	(3,970)	Creditors	0	0	(3,985)
0	0	0	Borrowings	0	0	0
(40,858)	0	(3,970)		(158,625)	0	(3,985)
1,443,985	52,488	(3,970)		1,615,482	68,020	(3,985)

b) Net gains and losses on financial instruments

31/03/2014 £000		31/03/2015 £000
	Financial Assets	
94,041	Fair value through profit and loss	289,262
0	Loans and receivables	0
	Financial liabilities	
4,919	Fair value through profit and loss	(117,769)
5,315	Loans and receivables	(15)
104,275	Total	171,478

Cardiff and Vale of Glamorgan Pension Fund

c) Fair value of financial instruments and liabilities

31/03/2014			31/03/2015	
Carrying value	Fair value		Carrying value	Fair value
£000	£000		£000	£000
		Financial assets		
1,049,489	1,484,843	Fair value	1,069,969	1,774,107
52,488	52,488	Loans and receivables	68,020	68,020
1,101,977	1,537,331	Total financial assets	1,137,989	1,842,127
		Financial liabilities		
(40,858)	(40,858)	Fair value	(158,625)	(158,625)
(3,970)	(3,970)	Financial liabilities	(3,985)	(3,985)
(44,828)	(44,828)	Total financial liabilities	(162,610)	(162,610)

d) Valuation of financial instruments carried at fair value

Level 1 - Quoted prices for similar instruments. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2 - Directly observable market inputs other than Level 1 inputs. Where an instrument is traded in a market which is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 - Inputs not based on observable market data. The values of investment in private equity are based on valuations provided by the general partners to the private equity funds. If the company's year end does not coincide with the Pension Fund's year end, the valuation is updated with regard to the calls and distributions made between the Private Equity Fund's audited account date and the Pension Fund's year end.

Values as at 31st March 2015	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets				
Financial assets at fair value	699,914	729,532	344,661	1,774,107
Loans and receivables	68,020	0	0	68,020
Total financial assets	767,934	729,532	344,661	1,842,127
Financial liabilities				
Financial liabilities at fair value	0	0	(158,625)	(158,625)
Financial liabilities at amortised cost	(3,985)	0	0	(3,985)
Total financial liabilities	(3,985)	0	(158,625)	(162,610)
Net financial assets	763,949	729,532	186,036	1,679,517

Cardiff and Vale of Glamorgan Pension Fund

13. Nature and extent of risks rising from financial instruments

The fund maintains positions in a variety of instruments, as dictated by the Statement of Investment principles (SIP), and is consequently exposed to credit and liquidity risk, as well as market risk including foreign exchange and interest rate risks.

The Fund's primary long-term risk is that the fund's assets will fall short of its liabilities and will be unable to pay the promised benefits to members. The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows.

The management of risk is a key objective of the Pension Fund. A policy of diversification of its asset classes and investment managers helps the Pension fund to lower risk arising from financial instruments. Benchmarks for asset allocation and targets against which investment managers are expected to perform are further measures which are put in place in order to manage risk.

Market Risk

Market risk is the risk that the fair value or future cashflows of an institution will fluctuate because of a change in market price.

In order to manage risk, the Fund invests in a diversified pool of assets, split between a number of managers with different performance targets and investment strategies. In order to mitigate risk, the Fund regularly reviews the pension fund investment strategy together with regular monitoring of asset allocation and investment performance.

Interest rate risk is the risk to which the Pension Fund is exposed to fluctuations in interest rates and mainly relates to changes in bonds.

To mitigate the risk, the Fund holds a fixed interest portfolio managed by Aberdeen, the appointed active bond manager.

Interest Rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. The analysis below shows the effect of a 100 basis point (1%) movement in interest rates on the net assets available to pay benefits

Asset Type	Carrying amount as at 31.03.2015	Change in year in the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash	37,061	371	(371)
Fixed interest securities	245,090	2,451	(2,451)
Total	282,151	2,822	(2,822)

Cardiff and Vale of Glamorgan Pension Fund

2013/14 Comparative:

Asset Type	Carrying amount as at 31.03.2014	Change in year in the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash	23,836	238	(238)
Fixed interest securities	220,082	2,201	(2,201)
Total	243,918	2,439	(2,439)

Currency risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates.

The Fund's Global Bonds and North American, European and Japanese Equities portfolios are covered by currency hedging arrangements. Fund managers will also take account of currency risk in their investment decisions.

Currency risk – sensitivity analysis

Following analysis of historical data, the fund's aggregate currency change has been calculated as 3.49%.

A 3.49% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset value as at 31.03.2015	Change to net assets available to pay benefits	
		3.49%	-3.49%
	£000	£000	£000
Overseas quoted securities	616,984	638,493	595,476
Total change in assets available	616,984	638,493	595,476

Currency exposure – asset type	Asset value as at 31.03.2014	Change to net assets available to pay benefits	
		3.09%	-3.09%
	£000	£000	£000
Overseas quoted securities	526,232	542,513	509,951
Overseas corporate bonds (quoted)	58,120	59,918	56,322
Total change in assets available	584,352	602,431	566,273

Price risk is the risk of losses associated with the movement in prices of the underlying assets. By diversifying investments across asset classes and managers, the Pension Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst employing specialist managers enables the Fund to benefit from investment expertise.

Price risk sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of assets over the last three years, applied to the period end asset mix. The total volatility shown for Total Currency incorporates the impact of correlation across currencies, which dampens volatility, therefore the Value on Increase and Value on Decrease figures for the currencies will not sum to the total figure.

Cardiff and Vale of Glamorgan Pension Fund

Asset type	Value as at 31.03.2015 £000	Percentage change %	Value on increase £000	Value on Decrease £000
Total Assets	1,653,151	6.65%	1,763,086	1,543,216
UK Equities	586,144	9.73%	643,176	529,112
Overseas Equities	598,212	9.68%	656,119	540,305
Total Bonds	245,090	3.78%	254,354	235,826
Cash	37,061	0.01%	37,065	37,057
Alternatives	87,433	2.25%	101,443	96,979
Property	99,211	3.35%	90,362	84,504

Asset type	Value as at 31.03.2014 £000	Percentage change %	Value on increase £000	Value on Decrease £000
Total Assets	1,466,125	8.04%	1,584,001	1,348,249
UK Equities	539,453	11.42%	601,059	477,847
Overseas Equities	509,953	12.63%	574,360	445,546
Total Bonds	220,082	4.65%	230,316	209,848
Cash	23,816	0.02%	23,821	23,811
Alternatives	92,924	1.89%	81,407	78,387
Property	79,897	4.61%	97,208	88,640

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The Fund reviews its exposure to credit and counterparty risk through its external investment managers. The Fund is also exposed to credit risk through its securities lending programme. This is run by the Fund's custodian, Northern Trust who manages and monitors the counterparty risk, collateral risk and the overall lending programme.

The Pension Fund's bank account is held with the Lloyds bank. Surplus cash is not invested with the Lloyds but is placed with a selection of AAA Money Market institutions. The Fund's cash holding under its treasury management arrangements as at 31.03.2015 was £24.6 million (£13.2 million at 31.03.2014). This was held with the following institutions:

	Rating	Balance at 31.03.2014 £000	Balance at 31.03.2015 £000
Money market funds			
Ignis	AAA	13,080	12,000
Deutsche	AAA	0	12,000
Blackrock	AAA	0	650
Bank current account			
Lloyds Bank	A	0	6
Co-operative	A-	131	0
Total		13,211	24,656

Liquidity Risk

Liquidity risk represents the possibility that the Fund may not have funds available to meet its financial obligations. The current position of the fund is that it is cash positive, which reflects the fact that contributions into the Fund exceed benefits being paid out. The Pension Fund's cash is kept in a separate bank account and the cash position is monitored on a daily basis. Surplus funds are deposited in money market funds on a short term basis. At an investment level, the Funds investments are substantially made up of listed securities which are considered readily realisable.

14. Sundry Debtors & Creditors

	2013/14 £000	2014/15 £000
Debtors		
Pensions Administration	108	26
Miscellaneous	10	767
	118	793
Creditors		
Management & Custody Fees	(956)	(899)
Miscellaneous	(203)	(31)
	(1,159)	(930)
Total	(1,041)	(137)

15. Additional Voluntary Contributions

Scheme members may elect to make additional voluntary contributions to enhance their pension benefits. Contributions are made directly from scheme members to the AVC provider and are therefore not represented in these accounts.

The amount of AVC contributions paid during the year amounted to £415,000 and the market value of separately invested AVC's as at 31 March 2015 was £3.167 million.

16. Commitments

As at 31 March 2015 the Fund had outstanding private equity commitments of a maximum of £40.57 million (£48.07 million at 31 March 2014).

As at 31 March 2015 the Fund had forward currency contracts amounting to £154.91 million of purchases and £157.12 million of sales, showing an unrealised gain of £2.21 million.

17. Securities Lending

At the year end the value of quoted equities on loan was £38.00 million (£16.15 million at March 2014) in exchange for which the custodian held collateral of £40.35 million (£17.32 million at March 2014). For the year ending 31 March 2015, the Fund received income of £131,025 from the lending of stock.

18. Contingent Liabilities

The Fund has no contingent liabilities.

19. Related Party Transactions

The relationship between the employers and the Pension Fund is, by its very nature, close, therefore, each participating employer is considered a related Party as shown in notes 5 and 6.

Other related party transactions with the Council are:

- Cash invested internally by the Council (for working capital purposes) - see note 9;

Cardiff and Vale of Glamorgan Pension Fund

- Administration expenses charged to the Fund by the Council are shown in note 8.
- Paragraph 3.9.4.3 of the Code of Practice exempts local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances is detailed in section 3.4 of the Code and can be found in the main accounts of The County Council of the City and County of Cardiff.

20. Post Balance Sheet Events

There are no post balance sheet events to report.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2014/15 Code that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of The County Council of the City and County of Cardiff and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus). At the point of publishing these accounts, the final audited accounts for Cardiff Bus were not available and, therefore, the draft figures have been consolidated within the Group Accounts.

The Council has interests in two other subsidiaries: Cardiff Business Technology Centre (CBTC) and Cardiff Business Council, and in Cardiff Medicentre Joint Venture. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the Authority to a material level of commercial risk. Therefore they have been excluded from the consolidation in 2014/15. Details of the Council's interests in these organisations are included in note 26 to the Core Financial Statements.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP ACCOUNTS

Basis of Consolidation

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Cardiff City Transport Services Ltd. Inter- group transactions and balances between the Council and its subsidiary have been eliminated in full.

Accounting policies

The financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies on pages 21 to 38 with the following additions and exceptions:

1. Retirement Benefits

Cardiff City Transport Services Ltd. operates two defined benefit funded pension schemes which it accounts for in accordance with IAS19. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies consistent with those of the Council have been adopted although the financial assumptions used may differ. Both these schemes are now closed to new members. The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

2. Value Added Tax

VAT paid by other group entities is accounted for in the Group Comprehensive Income and Expenditure Statement to the extent that it is irrecoverable from HM Revenue and Customs.

3. Goodwill

The Council's interest in its subsidiary dates back to its inception and therefore there is no goodwill to be accounted for.

4. Charges to Income and Expenditure for Fixed Assets

A charge is made from the revaluation reserve of the subsidiary company to the group income and expenditure reserve for the difference between depreciation charged on the current value of fixed assets held by the subsidiary and what would have been the historical cost depreciation for the year.

5. Derivatives Financial Instruments

Cardiff Bus is exposed to price risk arising from fluctuations in oil prices and the company enters into energy hedges to fix the price of fuel. In the opinion of the Board of Directors there is no material exposure to price risk. The company does not hold derivatives for speculative purposes.

Group Accounts

GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Council Fund Balance £000	Council Fund Earmarked Reserves £000	HRA Balance £000	HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves Restated £000	Unusable Reserves (including Group Reserves) £000	Total Authority Reserves £000
Balance at 31 March 2013 carried forward	11,548	40,319	7,295	1,312	1,605	62,079	867,235	929,314
<u>Movement in Reserves during 2013/14</u>								
Surplus or (deficit) on the provision of Services	(159,973)	0	4,435	0	0	(155,538)	1,215	(154,323)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	160,925	160,925
Total Comprehensive Income and Expenditure	(159,973)	0	4,435	0	0	(155,538)	162,140	6,602
Adjustments between accounting basis & funding basis under regulations	150,078	0	(4,234)	0	(206)	145,638	(145,638)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(9,895)	0	201	0	(206)	(9,900)	16,502	6,602
Transfers to/(from) Earmarked Reserves	9,760	(9,760)	628	(628)	0	0	0	0
Other Movements in Reserves	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2013/14	(135)	(9,760)	829	(628)	(206)	(9,900)	16,502	6,602
Balance at 31 March 2014 carried forward	11,413	30,559	8,124	684	1,399	52,179	883,737	935,916
<u>Movement in Reserves during 2014/15</u>								
Surplus or (deficit) on the provision of Services	(11,619)	0	4,696	0	0	(6,923)	2,659	(4,264)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(56,612)	(56,612)
Total Comprehensive Income and Expenditure	(11,619)	0	4,696	0	0	(6,923)	(53,953)	(60,876)
Adjustments between accounting basis & funding basis under regulations	16,625	0	(4,828)	0	(63)	11,734	(11,734)	0
Net Increase/(Decrease)	5,006	0	(132)	0	(63)	4,811	(65,687)	(60,876)

Group Accounts

	Council Fund Balance £000	Council Fund Earmarked Reserves £000	HRA Balance £000	HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves Restated £000	Unusable Reserves (including Group Reserves) £000	Total Authority Reserves £000
before Transfers to Earmarked Reserves								
Transfers to/(from) Earmarked Reserves	(3,265)	3,265	446	(446)	0	0	0	0
Other Movements in Reserves	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2014/15	1,741	3,265	314	(446)	(63)	4,811	(65,687)	(60,876)
Balance at 31 March 2015 carried forward	13,154	33,824	8,438	238	1,336	56,990	818,050	875,040

Group Accounts

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

2013/14 (Restated)				2014/15			
Gross Expenditure £000	Gross Income £000	2012/13 Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000
54,714	(20,680)	34,034	Central Services to the Public		51,243	(17,958)	33,285
58,897	(25,426)	33,471	Cultural & Related Services		58,205	(27,886)	30,319
56,113	(19,586)	36,527	Environmental & Regulatory Services		58,059	(23,779)	34,280
32,169	(17,017)	15,152	Planning Services		20,081	(19,905)	176
504,712	(76,706)	428,006	Children's and Education Services		404,770	(98,704)	306,066
98,458	(41,706)	56,752	Highways & Transport Services		85,101	(42,017)	43,084
63,765	(62,124)	1,641	Housing Revenue Account		69,971	(65,231)	4,740
182,254	(175,897)	6,357	Housing Services (General Fund)		181,640	(175,755)	5,885
125,423	(23,029)	102,394	Adult Social Care		127,857	(25,777)	102,080
11,980	246	12,226	Corporate & Democratic Core		9,982	(2,004)	7,978
2,837	0	2,837	Non-Distributed Costs		3,405	323	3,728
5,056	0	5,056	Exceptional Item	6	0	0	0
1,196,378	(461,925)	734,453	Net Cost of Services		1,070,314	(498,693)	571,621
25,012	0	25,012	South Wales Police Authority Precept		26,411	0	26,411
252	0	252	Community Council Precepts		256	0	256
17,392	0	17,392	Levies & Contributions		16,984	0	16,984
2,150	(2,854)	(704)	(Gain)/loss on sale of non-current assets		1,589	(5,774)	(4,185)
44,806	(2,854)	41,952	Other Operating Expenditure		45,240	(5,774)	39,466
23,884	0	23,884	Interest Payable on debt		24,734	0	24,734
64	0	64	Interest element of finance leases	4	16	0	16
32,626	(3,551)	29,075	Interest on net defined liability/(asset)		21,970	(3,728)	18,242
0	(1,218)	(1,218)	Interest & Investment Income		0	(1,106)	(1,106)
162	0	162	Change in fair value of Investment Properties		6,161	(12,391)	(6,230)
56,736	(4,769)	51,967	Financing and Investment Income &		52,881	(17,225)	35,656

Group Accounts

2013/14 (Restated)				2014/15			
Gross Expenditure £000	Gross Income £000	2012/13 Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000
			Expenditure				
0	(53,164)	(53,164)	Recognised Capital Grants & Contributions		0	(28,165)	(28,165)
0	(339,678)	(339,678)	Revenue Support Grant		0	(326,291)	(326,291)
0	(107,229)	(107,229)	Non-Domestic Rates		0	(109,695)	(109,695)
948	(158,206)	(157,258)	Council Tax Income		779	(165,499)	(164,720)
0	(17,065)	(17,065)	Other Central Grants		0	(13,608)	(13,608)
948	(675,342)	(674,394)	Taxation & Non-Specific Grant Income		779	(643,258)	(642,479)
345	0	345	Tax expenses - Corporation Tax payable			0	0
1,299,213	(1,144,890)	154,323	(Surplus)/Deficit on Provision of Services		1,169,214	(1,164,950)	4,264
		(19,902)	Revaluation Gains				(937)
		127,299	Revaluation Losses				2,844
		352	Impairment losses on non-current assets charged to the Revaluation Reserve				412
		0	(Surplus)/Deficit on revaluation of available for sale financial assets				0
		(266,411)	Actuarial gains/losses on pension assets/liabilities				51,491
		0	Other gains/losses required to be included in the Comprehensive Income & Expenditure Statement				0
		(2,263)	Share of other comprehensive income & expenditure of subsidiaries				2,802
		(160,925)	Other Comprehensive Income & Expenditure				56,612
		(6,602)	Total Comprehensive Income & Expenditure				60,876

Group Accounts

GROUP BALANCE SHEET AS AT 31 MARCH 2015

31 March 2014 (Restated) £000		Note	31 March 2015 £000
	<u>Property Plant & Equipment:</u>	7	
566,393	Council Dwellings		569,012
752,760	Other Land and Buildings		771,195
29,979	Vehicles, Plant, Furniture & Equipment		29,398
314,866	Infrastructure		308,666
18,734	Community Assets		19,206
24,036	Assets under construction (AUC)		11,757
55,403	Surplus assets not held for sale		37,024
50,789	Heritage Assets		50,884
75,625	Investment Properties		100,787
4,748	Intangible Fixed Assets including AUC	7	4,346
3,780	Long-term Investments		3,754
2,935	Long-term Debtors		2,790
728	Deferred tax asset		938
1,900,776	Total Long Term Assets		1,909,757
28,895	Short-term Investments		42,185
380	Assets held for Sale	7	3,040
2,961	Inventories		2,446
73,290	Short-term Debtors	9	91,910
45,542	Cash and Cash Equivalents		28,446
151,068	Total Current Assets		168,027
(14,457)	Short Term Borrowing		(12,964)
(77,779)	Short Term Creditors	11	(97,074)
(2,486)	Pension Strain		(2,830)
(11,400)	Provisions	12	(10,300)
(1,914)	Deferred Liabilities	13	(1,746)
(552)	Deferred tax liability		(397)
(108,588)	Total Current Liabilities		(125,311)
(466,486)	Long Term Borrowing		(465,808)
(34,561)	Provisions		(32,975)
(10,290)	Deferred Liabilities		(10,510)
(9,724)	Capital Contributions Receipts in Advance		(10,095)
(2,363)	Revenue Grants Receipts in Advance		(3,734)
(306)	Capital Grants Receipts in Advance		(2,160)
(5,766)	Pensions Strain		(6,252)

Group Accounts

31 March 2014 (Restated) £000		Note	31 March 2015 £000
(476,665)	Net Pensions Liability		(544,477)
(1,179)	Deferred tax liability		(1,422)
(1,007,340)	Total Long Term Liabilities		(1,077,433)
935,916	NET ASSETS		875,040
	Financed by:		
11,413	Council Fund Balance		13,154
30,559	Council Fund Earmarked Reserves		33,824
8,124	Housing Revenue Account Balance		8,438
684	HRA Earmarked Reserves		238
1,399	Capital Receipts Reserve		1,336
52,179	Usable Reserves		56,990
209,992	Revaluation Reserve		204,609
1,156,598	Capital Adjustment Account		1,164,708
104	Deferred Capital Receipts		87
4,618	Available for Sale Financial Instruments Reserve		4,618
(2,709)	Financial Instruments Adjustment Account		(2,367)
(484,188)	Pensions Reserve		(552,621)
(6,789)	Accumulated Absences Adjustment Account		(7,670)
6,111	Reserves (group entities)		6,686
883,737	Unusable Reserves		818,050
935,916	TOTAL RESERVES		875,040

Group Accounts

GROUP CASH FLOW STATEMENT AS AT 31 MARCH 2015

2013/14 (Restated) £000		Note	2014/15 £000
154,323	Net (Surplus) /Deficit on the provision of services		4,264
(244,874)	Adjust net surplus or deficit on the provision of services for non-cash movements	14	(92,034)
45,400	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15	21,712
(45,151)	Net cash flows from operating activities		(66,058)
(1,080)	Interest Received		(1,126)
24,802	Interest Paid		24,744
63	Finance lease interest paid		118
0	Dividends received		0
(122)	Taxation (group only)		56
(68,814)	Net cash flow from other operating activities		(89,850)
63,155	Investing activities		69,447
81,661	Purchase of property, plant and equipment, investment property and intangible assets		72,585
3,232	Purchase of short-term and long-term Investments		29,047
25,268	Other payments for investing activities		9,922
(3,619)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(5,830)
(43,319)	Capital Grants		(33,754)
(68)	Proceeds from short-term and long-term investments		(2,523)
(25,434)	Financing activities		13,707
(19,382)	Cash receipts from short-term and long-term borrowing		(6,902)
(7,752)	Other receipts from financing activities		
1,594	Cash payments for the reduction of outstanding liabilities relating to finance leases		891
106	Repayments of short-term and long-term borrowing		7,820
0	Other payments for financing activities		11,898
(7,430)	Net (increase)/ decrease in cash and cash equivalents		17,096
38,112	Cash and cash equivalents at the beginning of the reporting period		45,542
45,542	Cash and cash equivalents at the end of the reporting period represented by:		28,446
324	Cash held e.g. Imprest Accounts		182
10,513	Cash and Bank		13,842
34,705	Short-term deposits with financial institutions		14,422

Notes to Group Accounts

NOTES TO THE GROUP ACCOUNTS

The notes to the Council's Core Financial Statements as set out on pages 45 to 115 apply also to the Group Accounts with the following additions and exceptions:

1. Remuneration

(a) The number of employees of the Council and its subsidiary whose remuneration is over £60,000 per annum is disclosed below.

Remuneration band £	Number of Employees	
	2013/14	2014/15
60,000-64,999	91	91
65,000-69,999	37	28
70,000-74,999	15	8
75,000-79,999	10	17
80,000-84,999	13	6
85,000-89,999	8	6
90,000-94,999	4	8
95,000-99,999	2	0
100,000-104,999	6	3
105,000-109,999	3	2
110,000-114,999	2	1
115,000-119,999	1	10
120,000-124,999	0	1
125,000-129,999	0	0
130,000-134,999	0	0
135,000-139,999	1	1
140,000-144,999	0	1
145,000-149,999	0	0
150,000-154,999	0	1
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	0	1
170,000-174,999	0	0
175,000-179,999	0	1

Further information regarding the remuneration of directors and employees of Cardiff Bus is contained in the company's 2014/15 Financial Statements.

(b) The disclosure for Members allowances is the same as for the single entity accounts.

2. Related Parties Disclosures

Related party transactions and balances of the group are as contained in note 13 to the single entity financial statements with the following addition:

PTI Cymru During the year Cardiff City Transport Services received £37,199 (£79,983 in 2013/14) from PTI CYMRU Ltd. for the rent of a call centre in Cardiff together with refurbishment costs. At 31 March 2015 there was a net balance of £0 (£6,177 in 2013/14) owed by PTI Cymru Ltd to Cardiff City Transport Services Ltd.

Notes to Group Accounts

3. External Audit Costs

In 2014/15 the following fees were paid by the Council and its subsidiary in respect of audit and inspection:

	2013/14 £000	2014/15 £000
Fees payable to Wales Audit Office for external audit services	461	421
Fees Payable to other external auditors in respect of external audit services	23	24
Fees payable to external auditors for the certification of grant claims and returns	117	118
Fees payable in respect of other services provided by external auditors	8	3
Total	609	566

Within the disclosure for fees payable in 2013/14 in respect of other services provided by the appointed auditor £32,000 is in respect of an audit to consider and investigate the disclosure of the Public Internet Disclosure Act.

4. Leasing

Operating Leases

Operating leases exist in respect of properties, vehicles and other items of equipment. Payments made during 2014/15 were as follows:

	2013/14 £000	2014/15 £000
Property Leases	2,114	1,886
Other Leases	460	416

The group was committed at 31 March 2015 to making payments of £2.913 million under operating leases in 2014/15 comprising the following elements:

	Property Leases £000	Other Leases £000
Leases expiring in 2014/15	8	433
Leases expiring between 2015/16 and 2016/17	583	797
Leases expiring after 2017/18	1,091	0

Finance Leases

Finance leases exist in respect of vehicles and equipment. The aggregate finance charges made during 2014/15 were as follows:

	2013/14 £000	2014/15 £000
Vehicles, Plant & Equipment	64	16

Notes to Group Accounts

The assets acquired under finance leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2013/14 £000		2014/15 £000
8,674	Vehicles, Plant, Furniture and Equipment	8,934

Obligations under finance leases:

2013/14 £000		2014/15 £000
704	Obligations payable within 1 year	722
3,000	Obligations payable between 2 and 5 years	3,292
0	Obligations payable after 5 years	0
3,704	Total liabilities as at 31st March	4,014

5. Pensions

The following sums were charged to the Group Comprehensive Income Expenditure Statement in the year in respect of pensions:

	2013/14 £000	2014/15 £000
<i>Net Cost of Services</i>		
Current Service Cost	43,902	35,735
Past Service Costs	2,480	2,928
<i>Net Operating Expenditure</i>		
Interest on net defined benefit liability/(asset)	29,075	18,242
Net charge to Group Income & Expenditure Account	75,457	56,905
Appropriation to/(from) Pensions Reserve to Council Fund Balance	(32,123)	(15,268)
Appropriation to/(from) Pensions Reserve to Profit and Loss Accounts of subsidiaries	1,727	1,872
Net charge to Council Fund Balance and Profit & Loss Accounts of Subsidiaries in respect of Pensions	45,061	43,509
Presented by:		
<i>Employers Contributions charged to Council Tax:</i>		
Employers Contributions Payable to the Scheme	(39,910)	(38,403)
Payments in Respect of Unfunded Pensions Liabilities	(3,450)	(3,500)
<i>Employers Superannuation Contributions Made by Subsidiaries to Defined Benefit Schemes in the Year</i>	(1,701)	(1,606)
	(45,061)	(43,509)

Pensions Assets and Liabilities of Cardiff Bus

The disclosures in note 5 relate solely to the pensions' arrangements of Cardiff City Transport Services Ltd. and have been taken directly from the 2014/15 financial statements of Cardiff City Transport Services Ltd.

The company operates its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by the Cardiff City Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of

triennial valuations. Since 1 August 2001, the Cardiff City Transport Services Limited Pension Scheme (final salary) has been closed to new members and a money purchase scheme has been introduced. This closed to new members in July 2013. The total cost charged in the profit and loss account for the money purchase scheme of £682,000 (£719,000 in 2013/14) represents contributions payable during the year. At 31 March 2015, contributions of £89,000 (£99,000 in 2013/14) due in respect of the current reporting period had not been paid over to the scheme.

Cardiff City Transport Services Limited Pension Scheme

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2)(a) of the Pensions Act 2004, was carried out as at 1 April 2012. For the purpose of the valuation of the defined benefit section, it was assumed that the investment return on assets prior to pension liabilities coming into payment will be 2.6% per annum higher than the rate of future annual wage and salary growth and 1.4% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 1.6% higher than the rate of future price inflation.

The valuation showed that the total market value of the scheme's assets, net of members' AVCs, was £30.1m and that this value represented 89% of the value of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in earnings and pensions.

The basic rate of company contributions required to meet the cost of defined benefits, without allowance for any recovery of deficit, was found to be 14.7% of members' pensionable pay from 1 April 2015. Employee contributions were payable in addition. For the majority of defined benefit section members, contributions were required at the rate of 5% of pensionable pay (a small number contribute at the lower rate of 4%).

Company and employee contributions for members of the defined contribution section are payable in accordance with the scheme rules.

An actuarial valuation was carried out on the Cardiff City Transport Services Limited Pension Scheme as at 31 March 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2013	31 March 2014	31 March 2015
Rate of increase in salaries	3.7% per annum	3.9% per annum	3.5% per annum
Discount rate	4.3% per annum	4.4% per annum	3.3% per annum
Inflation assumption	3.2% per annum	3.4% per annum	3.0% per annum
Pension increases	2.5% per annum	2.7% per annum	2.0% per annum
Inflation assumption (CPI)	2.5% per annum	2.7% per annum	2.0% per annum

Mortality assumption

The mortality assumptions are based on SIPA tables, relevant to year of birth adjusted for medium cohort effects, rated up two years, subject to a 1% p.a. minimum improvement underpin. The assumptions are that a member aged 65 at the valuation date will live on average for a further 20.2 years if they are male and for a further 22.7 years if they are female. For a member who is 45 at the valuation date and retires at age 65, the assumptions are that they will live on average for a further 22.0 years after retirement if they are male and for a further 24.5 years after retirement if they are female.

Notes to Group Accounts

The assets in the fund and expected rates of return were:

	2012/2013		2013/2014		2014/15	
	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000
Equities	7.0% pa	10,814	7.0% pa	7,341	6.5% pa	13,020
Diversified growth	6.8% pa	9,122	6.8% pa	12,937	6.3% pa	15,742
Convertible Bonds	6.5% pa	8,692	6.5% pa	9,748	6.0% pa	4,001
Bonds	N/A	0	N/A	0	N/A	0
Cash	2.0% pa	86	2.0% pa	60	2.0% pa	32
		28,714		30,086		32,795

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Total market value of assets	28,714	30,086	32,795
Present value of scheme liabilities	(29,260)	(29,914)	(34,276)
Net IAS19 Scheme Deficit	(546)	172	(1,481)

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Analysis of amount charged to operating profit			
Current service cost and total operating charge	(711)	(644)	(588)
Analysis of amount credited/(charged) to interest receivable/payable			
Expected return on pension scheme assets	1,707	1,941	2,018
Interest on pension scheme liabilities	(1,232)	(1,251)	(1,304)
Net finance income/(charge)	475	690	714

Analysis of amount recognised in the primary statements

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Actual return less expected return on pension assets	1,683	(474)	974
Changes in financial assumptions underlying the scheme/(liabilities)	(2,979)	245	(3,599)
Actuarial gain/(loss) recognised in the primary statements	(1,296)	(229)	(2,625)

Movements in scheme deficit during the year

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
At 1 April b/f	(111)	(546)	172
Movement in year:			
Total operating charge	(711)	(644)	(588)
Contributions	1,097	901	846
Net finance income/(charge)	475	690	714
Actuarial gain/(loss) in the primary statements	(1,296)	(229)	(2,625)
At 31 March c/f	(546)	172	(1,481)

Cardiff and Vale of Glamorgan Pension Fund

Cardiff Bus also participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made as at 31 March 2013.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 25.4% of pensionable pay from 1 April 2011 continuing into 2016/17. In addition to this rate, Cardiff City Transport Services Limited is required to pay £480,000 per annum.

The most recent completed valuation was carried out as at 31 March 2013, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31 March 2015. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The company's contribution rate over the accounting period was 25.4% of pensionable pay plus a monetary amount of £480,000. The contribution rates certified for the company at the 31 March 2014 valuation are as follows:

April 2015 to March 2017 25.4% of pensionable pay plus £480,000.

These figures include the past service element of the contribution rate.

The scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

The main assumptions used for the purposes of IAS19 are as follows:

	At 31 March 2013	At 31 March 2014	At 31 March 2015
Rate of increase in salaries	3.7% pa	3.9% pa	3.5% pa
Discount rate	4.3% pa	4.4% pa	3.3% pa
Rate of increase in pensions in payment	2.5% pa	2.7% pa	2.0% pa
Rate of increase in deferred pensions	2.5% pa	2.7% pa	2.0% pa
Rate of inflation (RPI)	3.2% pa	3.4% pa	3.0% pa
Rate of inflation (CPI)	2.5% pa	2.7% pa	2.0% pa

Notes to Group Accounts

Mortality assumption

The mortality assumptions are based on SIPMA tables, for 100% of medium cohort, subject to a 1% p.a. minimum improvement underpin. The assumptions are that a member aged 65 at the valuation date will live on average for a further 20.1 years if they are male and for a further 22.7 years if they are female. For a member who is 45 at the valuation date and retires at age 65, the assumptions are that they will live on average for a further 21.9 years after retirement if they are male and for a further 24.4 years after retirement if they are female.

The assets in the fund and expected rates of return were:

	2012/2013		2013/14		2014/15	
	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000	Long-term expected return on assets	Fair value £000
The assets in the fund and expected rates of return were:						
Equities	7.8% pa	17,883	7.6% pa	19,888	N/A	21,285
Government bonds	2.8% pa	1,765	3.4% pa	1,753	N/A	1,870
Corporate bonds	3.8% pa	2,141	4.0% pa	2,032	N/A	2,173
Property	7.3% pa	1,318	6.9% pa	1,372	N/A	1,622
Cash	0.9% pa	282	0.9% pa	330	N/A	467
Other assets	7.8% pa	141	7.6% pa	25	N/A	83
		23,530		25,400		27,500

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Total market value share of assets	23,530	25,400	27,500
Present value of scheme liabilities	(31,200)	(29,210)	(30,710)
Net IAS19 Scheme Deficit	(7,670)	(3,810)	(3,210)

Analysis of amount charged to operating profit:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Current service cost	(340)	(310)	(320)
Past service cost	0	0	0
Total Operating Charge	(340)	(310)	(320)

Analysis of amount credited/(charged) to interest receivable/payable:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Expected return on pension scheme assets	1,500	1,610	1,710
Interest on pension scheme liabilities	(1,410)	(1,320)	(1,250)
Net Finance Income/(Charge)	90	290	460

Notes to Group Accounts

Analysis of amount recognised in the primary statements:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
Actual return less expected return on pension assets/(liabilities)	1,460	840	1,500
Changes in financial assumptions underlying the scheme (liabilities)/assets	(1,470)	2,240	(1,800)
Actuarial (loss)/gain recognised in the primary statements.	(10)	3,080	(300)

Movements in scheme deficit during the year:

	At 31 March 2013 £000	At 31 March 2014 £000	At 31 March 2015 £000
At 1 April	(8,240)	(7,670)	(3,810)
Movement in year:			
Total operating charge	(340)	(310)	(320)
Contributions	830	800	760
Net finance income/(charge)	90	290	460
Actuarial (loss)/gain in the primary statements	(10)	3,080	(300)
At 31 March	(7,670)	(3,810)	(3,210)

The total net pension liability measured under IAS19 for both schemes is as follows:

	31 March 2014 £000	31 March 2015 £000
The Group and the Company		
Cardiff City Transport Scheme	(172)	1,481
Cardiff & Vale of Glamorgan Pension Scheme	3,810	3,210
Deferred Tax Asset	(728)	(938)
Total	2,910	3,753

6. Exceptional Item

There are no exceptional items reported in the 2014/15 Cardiff Bus Accounts.

Notes to Group Accounts

7. Non-Current Assets note

2014/15	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2014	589,754	778,553	80,926	557,909	18,734	55,403	24,036	2,105,315
Additions	17,777	24,410	5,849	16,785	472	785	8,795	74,873
Impairment losses/reversals to RR *	0	(21)	0	0	0	(389)	0	(410)
Impairment losses / reversals to SDPS **	(1,770)	(6,144)	(16)	0	0	(260)	0	(8,190)
Derecognition - disposals	(1,335)	(214)	(8,965)	0	0	(25)	0	(10,539)
Reclassified (to)/from Held for Sale	0	(1,294)	0	0	0	(2,210)	0	(3,504)
Other reclassifications		15,487	19	480	0	(13,237)	(21,074)	(18,325)
Revaluation increases /(decreases) to RR*	0	172	0	0	0	(1,796)	0	(1,624)
Revaluation increases /(decreases) to SDPS**	0	0	0	0	0	(1,247)	0	(1,247)
At 31 March 2015	604,426	810,949	77,813	575,174	19,206	37,024	11,757	2,136,349
Depreciation								
At 1 April 2014	23,361	25,793	50,947	243,043	0	0	0	343,144
Depreciation charge	12,106	14,567	6,392	23,465	0	0	0	56,530
Depreciation written out on impairment	0	(35)	0	0	0	0	0	(35)
Derecognition -disposals	(53)	(67)	(8,924)	0	0	0	0	(9,044)
Depreciation written out to SDPS **	0	(397)	0	0	0	0	0	(397)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	0	(107)	0	0	0	0	0	(107)
At 31 March 2015	35,414	39,754	48,415	266,508	0	0	0	390,091
Net Book Value:								
At 31 March 2015	569,012	771,195	29,398	308,666	19,206	37,024	11,757	1,746,258
At 31 March 2014	566,393	752,760	29,979	314,866	18,734	55,403	24,036	1,762,171

* RR = Revaluation Reserve

SDPS = Surplus or deficit on Provision of Services

Notes to Group Accounts

Comparative Movements in 2013/14:

2013/14 (Restated)	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2013	578,430	1,011,121	71,601	544,547	16,715	51,424	18,570	2,292,408
Additions	12,155	22,058	8,867	11,550	425	428	21,891	77,374
Impairment losses/reversals to RR *	0	(145)	0	0	0	(218)	0	(363)
Impairment losses / reversals to SDPS **	(432)	(329)	0	0	0	(571)	0	(1,332)
Derecognition - disposals	(399)	(447)	(3,289)	0	0	(914)	0	(5,049)
Reclassified (to)/from Held for Sale	0	(1,526)	0	0	0	1,013	0	(513)
Other reclassifications	0	(408)	3,747	1,812	1,594	9,087	(16,425)	(593)
Revaluation increases /(decreases) to RR*	0	(122,001)	0	0	0	384	0	(121,617)
Revaluation increases /(decreases) to SDPS**	0	(129,770)	0	0	0	(5,230)	0	(135,000)
At 31 March 2014	589,754	778,553	80,926	557,909	18,734	55,403	24,036	2,105,315
Depreciation								
At 1 April 2013	11,569	34,179	48,114	217,036	0	0	0	310,898
Depreciation charge	11,800	13,854	6,103	26,007	0	0	0	57,764
Depreciation written out on impairment	0	(11)	0	0	0	0	0	(11)
Derecognition - disposals	(8)	(56)	(3,270)	0	0	0	0	(3,334)
Depreciation written out to SDPS **	0	(368)	0	0	0	0	0	(368)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	0	(21,805)	0	0	0	0	0	(21,805)
At 31 March 2014	23,361	25,793	50,947	243,043	0	0	0	343,144
Net Book Value:								
At 31 March 2014	566,393	752,760	29,979	314,866	18,734	55,403	24,036	1,762,171
At 31 March 2013	566,861	935,187	23,487	327,511	16,715	51,424	7,079	1,928,264

Notes to Group Accounts

Movements in Intangible assets during 2014/15 are summarised as follows:

	Other Intangible Assets	Intangible AUC	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2014	4,523	2,668	7,191
Additions	0	444	444
Other reclassifications	0	0	0
At 31 March 2015	4,523	3,112	7,635
Amortisation			
At 1 April 2014	2,443	0	2,443
Amortisation	846	0	846
At 31 March 2015	3,289	0	3,289
Net Book Value:			
At 31 March 2015	1,234	3,112	4,346
At 31 March 2014	2,080	2,668	4,748

Comparative Movements in 2013/14:

	Other Intangible Assets	Intangible AUC	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2013	3,926	2,344	6,270
Additions	12	909	921
Other reclassifications	585	(585)	0
At 31 March 2014	4,523	2,668	7,191
Amortisation			
At 1 April 2013	1,539	0	1,539
Amortisation	904	0	904
At 31 March 2014	2,443	0	2,443
Net Book Value:			
At 31 March 2014	2,080	2,668	4,748
At 31 March 2013	2,387	2,344	4,731

8. Financial Instruments

In addition to the financial instrument disclosures in the single entity accounts it should be noted:

Consolidation Adjustment

On consolidation, the Council's shareholding in Cardiff Bus ceases to be a financial instrument, as the consolidated balance sheet includes the net assets of the subsidiary and their corresponding net worth. The increase to fair value is eliminated in the consolidation process.

Notes to Group Accounts

Derivative Financial Instruments

Cardiff Bus enters into energy hedges to fix the price of fuel. At 31 March 2015, the company had no contracts to buy fuel.

9. Debtors

31 March 2014 (Restated) £000		31 March 2015 £000
38,400	Central Government Bodies	53,976
3,479	Other Local Authorities	7,168
5,235	NHS Bodies	4,883
17	Public Corporations & Trading Funds	38
26,159	Other Entities and Individuals	25,845
73,290	Total Debtors Net of Impairments	91,910

10. Investments

This figure represents cash temporarily available for investment at balance sheet date and includes £2.512 million (£2.486 million in 2013/14) which Cardiff City Transport Services Ltd. holds in an escrow account against future insured liabilities. Cardiff City Transport Services Ltd holds £2.519 million (£2.492 million in 2013/14) in money market accounts that are not instant access.

11. Creditors

31 March 2014 £000		31 March 2015 £000
(13,403)	Central Government Bodies	(11,252)
(2,120)	Other Local Authorities	(6,576)
(853)	NHS Bodies	(860)
(43)	Public Corporations & Trading Funds	(12)
(61,360)	Other Entities and Individuals	(78,374)
(77,779)	Total Creditors	(97,074)

12. Provisions

	Balance 1 April 2014 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2015 £000
Cardiff Insurance Provisions	(11,980)	5,810	(5,164)	(11,334)
MMI Scheme of Arrangement Levy	(450)	0	(254)	(704)
Cardiff Bus Insurance Provision	(2,666)	2,080	(2,279)	(2,865)
Cardiff Bus Reorganisation Provision	(394)	394	0	0
Termination Benefits Provision	(856)	856	(59)	(59)
Ferry Rd Landfill Provision	(9,096)	0	0	(9,096)
Lamby Way Landfill Provision	(18,088)	1,095	0	(16,993)
Other Provisions	(2,431)	1,547	(1,340)	(2,224)
Total Provisions	(45,961)	11,782	(9,096)	(43,275)

Notes to Group Accounts

	Not later than one year £000	Later than one year £000	Balance 31 March 2015 £000
Cardiff Insurance Provisions	(4,924)	(6,410)	(11,334)
MMI Scheme of Arrangement Levy	(50)	(654)	(704)
Cardiff Bus Insurance Provision	(1,289)	(1,576)	(2,865)
Termination Benefits Provision	(59)	0	(59)
Ferry Rd Landfill Provision	(45)	(9,051)	(9,096)
Lamby Way Landfill Provision	(2,064)	(14,929)	(16,993)
Other Provisions	(1,869)	(355)	(2,224)
Total Provisions	(10,300)	(32,975)	(43,275)

13. Deferred Liabilities

	Balance 1 April 2014 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2015 £000
Commuted Maintenance Sums	(8,500)	1,078	(819)	(8,241)
Cardiff Bus Finance Lease Liability	(3,704)	891	(1,202)	(4,015)
Total Deferred Liabilities	(12,204)	1,969	(2,021)	(12,256)

	Not later than one year £000	Later than one year £000	Balance 31 March 2015 £000
Commuted Maintenance Sums	(1,024)	(7,217)	(8,241)
Cardiff Bus Finance Lease Liability	(722)	(3,293)	(4,015)
Total Deferred Liabilities	(1,746)	(10,510)	(12,256)

14. Adjust net surplus or deficit on the provision of services for non-cash movements

	2013/14 (Restated) £000	2014/15 £000
Depreciation and impairment	(192,219)	(60,581)
Charges made for retirement benefits (IAS19) less employers contributions	(31,116)	(20,713)
Contributions (to)/from provisions	(2,802)	5,153
Changes in fair value of investment properties	(1,195)	(1,589)
Cardiff Bus Taxation	(122)	
Increase/(decrease) in stock	(356)	(515)
Increase/(decrease) in debtors (exc capital)	(4,320)	899
(Increase)/decrease in creditors (exc capital creditors) & super fund	(12,744)	(14,688)
	(244,874)	(92,034)

Notes to Group Accounts

15. Adjust for items included in the net surplus/deficit on provision of services that are investing and financing activities

	2013/14 (Restated) £000	2014/15 £000
REFCUS	(3,396)	(749)
Net gain/(loss) on sale of non-current assets	704	5,774
Repayments of liabilities under finance leases	14	0
Capital grants/contributions recognised in I&E	53,165	28,165
Other cash items which effect investing or financing activities	(5,087)	(11,478)
	45,400	21,712

16. Segmental Reporting

Please refer to note 4 in the Notes to Core Financial Statements for the Council's segmental reporting analysis. The group report is not prepared on the basis that Cardiff Bus prepares its accounts in accordance with UK GAAP.

Trust Funds

During 2014/15, the Corporate Director Resources had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it and separate financial statements are produced, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

The charities are managed and expenditure is approved in accordance with criteria set out in the governing document of each one.

The Council is the sole trustee of the following charities the purposes of which are outlined below. Numbers in brackets are the charity registration numbers.

Llandaff War Memorial Fund (219060) – For defraying the cost of upkeep of the war memorial at Llandaff.

Maindy Park Foundation (524137) – Recreation or other leisure-time occupation for the benefit of the inhabitants of the City of Cardiff with the object of improving the conditions of life for those inhabitants.

Cardiff Further Education Trust Fund/Craddock Wells Trust (525512) – Apart from the provision of premises for educational purposes, the Trust makes grants to students, usually through the Council, and makes a small annual payment to University of Wales, Cardiff.

Norwegian Church Preservation Trust (519831) - The Norwegian Church Preservation Trust was transferred to the County Council, under the management of the Cardiff Harbour Authority in May 2006. It is intended to continue to retain and enhance the cultural, arts programmes and the links between Wales and Norway of this important visitor's attraction on the Cardiff Bay Waterfront for future generations.

A financial summary for each fund follows. Detailed financial statements may be obtained from:

Christine Salter
Corporate Director Resources
County Hall
Cardiff
CF10 4UW

Trust Funds

	Balance as at 31 March 2014 £	Income £	Asset Revaluation £	Expenditure £	Balance as at 31 March 2015 £
General Funds					
Llandaff War Memorial Fund	1,446	8	0	11	1,443
Maindy Park Foundation	77,850	256	0	11	78,095
Norwegian Church Preservation Trust	80	68,316	0	68,501	(105)
Further Education					
Cardiff Further Education Trust/ Craddock Wells	17,763,733	790,497	2,947,550	316,387	21,185,393
Total funds for which the council is sole trustee	17,843,109	859,077	2,947,550	384,910	21,264,826
Other funds administered by the Council					
R Fice Memorial Trust	59,361	2,110	4,122	2,245	63,348
The Howardian Trust	26,924	955	2,814	998	29,695
Total other funds which are administered by the Council	86,285	3,065	6,936	3,243	93,043
Total	17,929,394	862,142	2,954,486	388,153	21,357,869

The accounts for the Cardiff Further Education Trust and the Norwegian Church Preservation Trust are required by the Charity Commission to be independently examined. The accounts for year ended 31 March 2015 have yet to be examined. This is to be undertaken in January 2016 which is within the statutory deadlines set.

Scope of Responsibility

1. The County Council of the City and County of Cardiff (the Council) is responsible for ensuring that its business is conducted in accordance with the law and 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.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
3. The Council is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and CPHA. There are further specific requirements for the Pension Fund which are:
 - The Statement of Investment Principles
 - Funding Strategy Statement
 - A full Actuarial Valuation to be carried out every third year
4. The Council has approved and adopted a Governance Framework, which is consistent with the principles of the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. A copy of the framework can be obtained from the Audit and Risk Manager. This statement explains how the Council has complied with the Governance Framework and also meets the requirements of the Accounts and Audit Regulations 2014.

The Purpose of the Governance Framework

5. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled together with 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.
6. 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.
7. The following paragraphs summarise the core principles of the Council's Governance Framework and reflects the arrangements in place to meet the six core principles of effective governance:
 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area
 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Developing the capacity and capability of Members and Officers to be effective
 - Engaging with local people and other stakeholders to ensure robust public accountability

Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

8. The Council's vision is an integral part of the city's 10 Year What Matters Strategy (2010-2020) which has been developed in conjunction with public, private and voluntary sector stakeholders and following citizen engagement.

9. The What Matters Strategy brings together the Community Strategy; the Children & Young People's Plan; the Health, Social Care & Wellbeing Strategy and the Community Safety Strategic Assessment into a single plan which is based on a vision of delivering 7 shared outcomes. The Council participated in the development of seven Citizen Outcomes with the Cardiff Partnership Board partners.

10. The Council's new Corporate Plan for 2015-17 sets out a clear vision to be "Europe's most liveable Capital City" based on delivering the What Matters seven strategic outcomes. There is also a greater focus on a smaller number of priorities and review of performance measures. The Corporate Plan priorities have been determined as:

- Education and skills for people of all ages
- Supporting vulnerable people
- Sustainable economic development
- Working with people and partners to design, deliver and improve services

11. There is alignment between these documents, risk assessments and the Medium Term Financial Plan in order to direct resources to priority areas. The Budget, where possible, provides dedicated funds for service improvements.

12. Delivery against the What Matters outcomes has continued in 2014/15. A progress report for 2013/14 has been produced and a similar report for 2014/15 is being prepared.

13. As part of the mid term review of the 10 year Strategy, the Partnership has commenced a refresh of the Strategic Needs Assessment and Strategy for completion by autumn 2015. The refresh will review the changing policy context and priorities in light of the changed economic environment and also reflect future requirements of the Wellbeing of Future Generations (Wales) Bill.

14. To inform the refresh, work has also been undertaken with the existing Partnership Programmes to review priorities and at the meeting of the Cardiff Partnership Board on 5 February, it was agreed that there should also be alignment of delivery arrangements with the Council's Organisational Development Programme where relevant.

15. Services are delivered by the Council, by third party providers contracted to the Council, and through partnership arrangements with other public bodies. The Cardiff Partnership Leadership Group, chaired by the Leader of the Council, acts as an overarching body providing strategic guidance for the city on wide ranging issues.. The implementation of the vision is led by the Cardiff Partnership Board (CPB), chaired by the Council's Chief Executive and supporting programme management arrangements.

16. In 2014, the Cardiff Partnership Leadership group was replaced by the Joint Cardiff & Vale of Glamorgan Local Service Board (agreed by Cabinet on 10th April 2014) and there have been three meetings to date. A joint work programme has been agreed and is being progressed which aligns with both the What Matters Strategy and the Council's Corporate Plan.

17. The CPB facilitates a 'seamless public service' approach which encourages greater joint working and integration of service delivery to release efficiencies and improve the effectiveness of services provided. Alignment of commissioning processes to meet identified needs and deliver shared outcomes has been progressed through the Families First programme which has used outcome based service specifications. These services are also being joined-up with other programmes such as Flying Start, Communities First, Integrated Family Support and Neighbourhood Management.

18. Alignment of commissioned services and partnership activity has continued in 2014/15 using Neighbourhood Partnerships as a mechanism for aligning local service providers, reviewing provision and identifying gaps. There has also been significant progress made in using individual focussed data to review provision and provide improved tailored support e.g. EET Panels (EETs refers to young people not in Education, Employment or Training). Through robust contract management and performance reporting there have also been reviews of thematic services (e.g. Parenting Services) across separate Programmes such as Families First, Communities First, Flying Start and Team around the Family which has identified

both potential duplication and gaps in provision. This has resulted in decommissioning of some services and commissioning of new provision to meet demands.

19. A Neighbourhood White Paper was agreed by partners in October 2013 which included a number of recommendations for further developing locality working and the delivery of neighbourhood action plans. One of the recommendations included the identification of lead elected members for each of the six Neighbourhood Partnerships, which were agreed by Cabinet in March 2014.

20. The Neighbourhood White Paper has been implemented in 2014/15 including the establishment of the Lead Elected member role for the 6 Neighbourhood Partnership and the delivery of the Neighbourhood Fund.

21. Neighbourhood delivery also continues to shape the new model of public services in Cardiff and this is reflected by its inclusion in Council's Organisational Development Programme – Reshaping Services Portfolio and a new Neighbourhood Infrastructure Service Pilot being undertaken.

22. The Council has agreed a performance management framework and a range of performance measures that demonstrate progress in meeting the priorities in the Corporate Plan. This framework also includes the statutory National Strategic Indicators as specified by Order. The annual Outturns against these indicators are submitted to the Welsh Government to be audited as part of the revised Wales Programme for Improvement as the result of the Local Government (Wales) Measure. This framework ensures that there is alignment between the What Matters Strategy, Corporate Plan, Strategic Equality Plan, Directorate Plans and Personal Performance and Development Plans. Performance against the Council's targets and objectives are reported publicly on a quarterly and annual basis.

23. The Corporate Plan and Directorate Plans include key performance targets and these are monitored on a regular basis. Every quarter, each Directorate provides monitoring reports to the Senior Management Team (SMT) and the Cabinet with Scrutiny involvement where required. This enables the Council to track progress against the key objectives, monitor performance against targets and inform remedial action where required.

24. Enhancements have been made in 2014/15 to strengthen the performance management arrangements given the range of challenges facing the Council, examples include the Star Chamber Sessions chaired by the Leader and the Improvement Boards chaired by the Chief Executive set up within specific Directorates including Children's and Education and Lifelong Learning.

25. An annual Improvement Report sets out the progress over the previous financial year in terms of:

- a review against the key objectives
- progress and comparative information regarding the National Strategic Indicators and a balanced set of Core and Local Indicators which will in future be based on the measures in the Corporate Plan,
- an account of the challenges for the future to be part of the requirements of the Corporate Planning regime.

26. The Local Government (Wales) Measure 2009 amended the statutory basis of the Improvement Agenda and from 2010 the drafts of the Corporate Plan and Improvement Report have been discussed at Scrutiny and the Cabinet before being debated and approved by Council prior to publication. The Auditor General for Wales' is required to issue Certificates of Compliance to the Council to discharge his requirements under the Local Government (Wales) Measure 2009. The Council also receives reports regarding key elements of governance i.e. finance and performance management. The proposals for improvement in these reports help to shape the processes and outputs of the Council.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles

27. The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It has done this by appointing a Leader, and a Cabinet which has collective decision making powers. Annual Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The

Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee and recommendations made to Council. A number of Committees have been appointed by Council to discharge regulatory and scrutiny functions.

28. The Council's Constitution sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:

- Scheme of Delegations
- Members' Code of Conduct
- Employees' Code of Conduct
- Protocol on Member / Officer Relations
- Cardiff Undertaking - upon election all Members sign "The Cardiff Undertaking" which underlines their duties to the City and its citizens.

29. Soon after the 2014/15 Budget was approved in February 2014 Council the Leader announced her resignation. Councillor Joyce stepped down when a new Leader had been appointed by the Labour Group. Councillor Phil Bale was elected the Leader of the Council in March 2014.

30. The Council is required to agree and publish a Schedule of Member Remuneration on an annual basis which sets out the levels of remuneration and allowances payable to Members. This is subsequently updated in line with the determinations made by the Independent Remuneration Panel in any annual or supplementary reports. Information relating to officers' pay levels is included in the Council's Annual Pay Policy Statement as required by the Localism Act 2011 and also in the annual Statement of Accounts.

31. The Corporate Plan forms part of the strategic policy framework set out within the Council's Constitution and is considered annually by the Council. The document outlines the Council's strategic policy priorities and improvement objectives, and forms part of the required statutory improvement framework as it discharges the Council's obligations under the Local Government (Wales) Measure 2009 to publish a stage one plan, setting out how the Council plans to achieve its priorities for improvement.

32. The Annual Improvement Report 2013/14 was noted by Cabinet in September 2014, incorporated several proposals for improvement which have been instigated through 2014/15 including:

- Directorate Delivery Plans that provide clear milestones and performance indicators against which the delivery of the Corporate Plan can be monitored;
- Aligned monitoring and reporting cycles for finance and service performance information to afford the Council greater visibility of its overall performance position;
- Performance Challenge sessions at Senior Management Team on a monthly basis;
- Joint Cabinet and Senior Management Team Performance Challenge meetings on a monthly basis;
- Scrutiny of performance information prior to formal Cabinet consideration;
- Accelerated Improvement Support – led by the Chief Executive for targeted services, including Children's Services and Education, utilising a mix of internal support and external peer support and challenge;
- A Challenge Forum which draws together senior Members and officers, together with external peer support, to test and challenge the Council's progress against its improvement journey;
- An extensive staff engagement programme to raise awareness of, and involvement in, the improvement journey;
- A simplified Personal Performance Development and Review process and a focus on compliance.

33. During the autumn of 2014 the Council set about developing a Corporate Plan for 2015-2017 in the context of severe financial challenges facing local government. The content of the Medium Term Financial Plan (MTFP) approved as part of the 2014/15 Budget Report has been incrementally updated during the year as further negative announcements were made by both the UK government and the Welsh Government. The July Budget Strategy Report detailed changes to the assumed level of Revenue

Support Grant (RSG) which increased the anticipated budget gap from £34.2 million as reported in February 2014 to circa £45.5 million in July 2014. The 2015/16 Provisional RSG settlement announced in October 2014 was slightly better than the planning assumption mainly as a result of increases in population. The final RSG settlement in December 2014 was consistent with this position so that overall the Council's cash position is a reduction of £12.516 million against that received in 2014/15 resulting in the second year of an absolute cash reduction.

34. As part of the Budget Strategy Report it was decided that the budget savings proposed for 2015/16 would need to be delivered by following a targeted budget savings approach and that the classification introduced in 2014/15 would be continued. Consequently, targets were developed under the headings of:

- Policy led savings
- Business Process led corporate efficiency savings
- Discrete Directorate led savings

35. Given the significant level of savings required in 2015/16 following the unprecedented level required in the current year, it was more important than ever that the proposals identified are robust and deliverable and as a result of a due diligence exercise a number of budget proposals were reduced or removed.

36. The Council's Budget for 2015/16 and the medium term was set at Council in February. The approved budget included making savings amounting to £32.473 million, a one-off capitalisation direction of £3.487 million and an increase in council tax rates of 5%. In recognition of the challenges of realising year on year significant budget savings the Council maintain the general and issue-specific contingency sums that were established in 2014/15.

37. The Budget Strategy for 2016/17 and the medium term will be presented to Cabinet and Council in July 2015. This report will be key in establishing a financial strategy for the Council to meet the continued significant financial challenges facing the Council.

38. To ensure clear lines of accountability, the Corporate Plan is structured around Cabinet portfolio responsibility. As part of the integrated, corporate approach required to support the implementation of the Corporate Plan 2015-2017, individual Directorate Delivery Plans, containing more detailed objectives and outcomes, further integrate financial and service planning. The Delivery Plans provide clear lines of responsibility and increased accountability and are subject to effective management challenge and scrutiny.

39. During 2014/15 there has been a period of stability regarding the Senior Management Team. Chief Executive Paul Orders commenced in post in December 2013. Cabinet In February 2015 considered a report from the Chief Executive with proposals for an amended senior management structure, designed to meet the Council's objectives, the changing requirements of service delivery and the proposed budget saving. This was outlined in the Cabinet report '2015/16 Budget proposals – For Consultation' which was considered in November 2014, together with the objectives set out in the Cabinet report 'Senior Management Arrangements' considered in January 2015.

40. The restructure looked to reduce the number of posts from eleven to seven. The Chief Executive discussed the proposals with each of the affected individuals who were invited to provide comments in response. He also briefed relevant audit and inspection bodies on the proposals. The Chief Executive considered the various comments which have been received as part of the consultation process. As a result, the proposals set out in the report reflect any subsequent changes that have been made to the Tier 1 proposals based on valid submissions received.

41. The following are considered new roles 1) Director of City Operations, 2) Director of Social Services and 3) Director of Governance & Legal Services (reporting to Corporate Director Resources). Appointments were made to these roles in June 2015.

42. All employees, including senior management, have clear conditions of employment and job descriptions which set out their roles and responsibilities. The Employment Conditions Committee maintains an overview of such conditions.

43. On 19 February 2015 the Cabinet approved an Officers' Personal Interests & Secondary Employment Policy. All Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests (paragraph 8(1) of the Code). The Standards and Ethics Committee had considered this matter and recommended the new draft policy for adoption by the Cabinet. The policy has also been shared with Audit Committee members.

44. Under the policy, staff are required to disclose any personal interest which actually or potentially conflicts with their duties to the Council (and guidance is given on this) and all secondary employment. Their manager must then decide, in consultation with the staff member, whether an actual conflict exists. If it's decided that there is a conflict then a decision must be taken on how that conflict should be managed. (This may include the re-allocation of duties, if possible, and an appeals procedure).

45. The Cabinet at their meeting on 2 April 2015 agreed a Workforce Strategy in order to strengthen links between business, financial and workforce planning, particularly during the current period of financial challenge and rapid organisational change. An integral part of the strategy is the Employee Charter. The Charter is a response to a series of challenges the Council has faced and issued raised by the Wales Audit Office in September 2014 as part of the Corporate Assessment and the earlier WLGA Peer Review. The Employee Charter, founded on the Council's values, sets out the expectations of employees, managers and senior managers.

46. The Corporate Director Resources is the Council's Section 151 Officer with overall responsibility for the financial administration of the Council. During the temporary period when the Corporate Director Resources was acting as Interim Head of Paid Service arrangements were made to appoint an Interim Section 151 Officer. 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).

47. Central finance employees provide advice and guidance to all Directorates, for instance providing support to forecast and monitor budgets on a periodic basis, with regular financial reports which indicate actual and projected expenditure against the budget and setting targets to measure financial performance.

48. All reports to the Council, the Cabinet and Committees are required to be considered from a financial perspective. All relevant employees are expected to be aware of the Council's Financial Procedure Rules and the Contract Standing Order and Procurement Rules.

49. Currently the Council's Monitoring Officer role is undertaken by the County Clerk and Monitoring Officer. This position is affected by the proposed Tier 1 management restructure, looking forward to 2015/16 the Monitoring Officer role will be undertaken by the new post Director of Governance & Legal Services.

50. An Impact Screening Tool has been developed by the Council to assess strategic policies and ensure that they take into account statutory requirements such as the impact of economic, social and environmental wellbeing and meet the requirements of the 2010 Equality Act. The Impact Screening Tool has been in place for several years and has been reviewed over time, most recently revised in 2013. The tool brings together the requirements of Equality Impact Assessments and Strategic Environmental Assessments in to one place to embed impact assessments in all decision making. The requirement for completion of screenings is also included within the Cabinet Report template to ensure the Council meets its statutory duties.

Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

51. In October 2014, the Cabinet agreed a renewed set of Values for the organisation, focusing on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and

Officers deliver their day to day roles. The Council's values have been actively communicated across the Council. The organisation's personal performance and development arrangements include specific tools to support staff in reflecting on how best to bring these values to life in their day to day work.

52. Governance and conduct matters are monitored by the Standards and Ethics Committee of which public meetings are held regularly and are chaired by an independent person. All Members and Officers are expected to comply fully with Codes of Conduct as set out in the Constitution. Protocols are in place for working relationships between Members and Officers e.g. Officer-Member Protocol. Since the local elections in 2012 a new Member Enquiry System has been launched and this logs Member enquiries and the responses from Officers.

53. The Audit Committee was established under the Local Government Measure (Wales) 2011, the key function of the Committee is to scrutinise and challenge the governance, risk management and internal control arrangements of the Council. The Committee has 12 seats; 8 elected members and 4 independent lay members. There have been some changes to the independent members of the Committee during 2014/15, due to there being one vacant seat and Sir Richard Lloyd-Jones resigning from the Committee. A public recruitment exercise was undertaken and two independent members were appointed who both have a wealth of knowledge and experience to bring to the Audit Committee; Ian Arundale and Hugh Thomas. A full induction programme is provided for all new members. Sir Jon Shortridge was re-elected as Chair to the Committee for the municipal year 2014/15.

54. The Audit Committee continues to provide assurance to the Council on the effectiveness of its governance, risk management, and internal control arrangements. In providing such assurance the Audit Committee has followed a wide ranging programme of work focusing on strategic risks and fundamental financial processes. The Audit Committee through its work programme has standard agenda items at each meeting which include; budgetary and financial information, treasury management, risk and governance, internal audit, external audit and operational matters. The Committee is supported by the Council's Section 151 Officer as the principal advisor, the Audit Manager, who provides technical support and Democratic Services provide secretariat support. Agendas, minutes and meeting papers are available on the Council's Website.

55. All staff undertakes induction training which provides information on a range of policies, procedures and regulations including those relating to Financial Control, Health & Safety, Equalities and IT Security.

56. The Council takes fraud, corruption and maladministration very seriously and takes a zero tolerance approach to this, with the following policies to prevent, and deal with, such occurrences:

- Financial Procedure Rules
- Contract Standing Order and Procurement Rules
- Whistleblowing Policy
- Fraud, Bribery & Corruption Policy
- Anti-Money Laundering Policy
- HR policies regarding discipline of staff involved in such incidents;
- Local Government Code of Conduct (for employees)

57. In March 2015 Audit Committee was presented with the revised Fraud, Bribery & Corruption Policy, formerly 'Anti Fraud, Anti Corruption & Bribery Policy' which was last reviewed and updated in 2011. Members were aware from regular reports received from the Audit & Risk Manager that the Council deals with a number of cases of suspected fraud and financial impropriety; and that there has been an increase in the number and complexity of these in recent times. This has emphasised the importance of having a policy in place which is fully understood and implemented consistently across the Council.

58. The Committee were informed of elements of the policy which highlight where the Council is proactive in adopting prevention and detection techniques, and setting out a detailed process for investigation of cases to ensure these are undertaken to professional standards and in a consistent manner. Members of the Committee were informed of the role of Senior Management in terms of their responsibility for financial control and the actions of their members of staff. Throughout an investigation there is a requirement for Internal Audit to oversee and be content with the way the investigation is undertaken and reported.

59. Simultaneously there is a detailed review underway of the Council's Disciplinary Policy and Procedure which has a direct impact on how suspected cases of fraud and financial impropriety investigations are handled. It has been determined that both policies are to be presented to Cabinet for approval early in 2015-16, and every effort is to be made to ensure that they complement each other.

60. The Council in May 2013 introduced a Comments, Complaints and Compliments Policy which ensures that the public and other stakeholders are given the opportunity to tell the Council what they think about the services we provide. In the run up to its introduction, briefings were carried out across the Council to raise awareness of the revised procedure. The new streamlined procedure reflected guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and now places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.

61. The Council has developed an Information Governance Strategy which includes a suite of Information Governance Policies which set out the responsibilities of the corporate body and staff. These policies provide the framework for the Council to ensure that it is compliant with the Data Protection Act, including the Privacy & Electronic Communications Regulations, CCTV Code of Practice, Employment Code of Practice, the Freedom of Information Act, and Environmental Information Regulations.

62. The Information Governance Training Strategy sits alongside the Information Governance Strategy to ensure that all staff receives training based on their employment within the Council and additional training to support the function and role that they deliver, which is reviewed annually. The training programme is set out over three levels with level one being mandatory for all staff that use a PC as part of their duties. Compliance reports for level one training are regularly distributed to Directors and Operational Managers. All other staff receive a booklet outlining the Council's Policies and setting out their responsibilities, staff are required to attend a briefing session and sign that they have received the booklet. This has provided the Information Commissioner's Office with the required assurance that the Undertaking requirements have been appropriately implemented and, they are satisfied that this will support compliance to the Data Protection Act 1998.

63. Over the last financial year the Council has continued to strengthen information governance arrangements and capabilities. The Corporate Director Resources is the Council's Senior Information Risk Owner, supported by the Corporate Information Management Team, managing the overall Council approach to Information Management. Annually the team produces an Information Security Report which looks to address continuous improvement in this area.

64. Over the last financial year the Council has continued to strengthen information governance arrangements and capabilities, for instance; by assigning directorate representatives to be Service Information Asset Owners, providing them with training and key tasks. The Corporate Director Resources is the Council's Senior Information Risk Owner, supported by the Corporate Information Management Team, managing the overall Council approach to Information Management. Annually the team produces an Information Security Report which looks to address continuous improvement in this area.

65. Members are registered with the Information Commissioner as individual Data Controllers.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

66. Responsibility for decision making in relation to the functions of the Council is clearly set out in the Council's Constitution. This describes the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.

67. All decisions taken by Members are on the basis of written reports by officers which include assessments of the legal and financial implications arising from the decision. Such reports address the key risks involved in particular decisions and alternative courses of action which are available. Reports also take into account the impact of economic, social and environmental wellbeing factors through the

Council's Impact Screening Tool. Decisions Registers for the Cabinet, Senior Officers, and for the Regulatory Committees are published on the Council's website.

68. The Council Scrutiny services play an important role in facilitating robust challenge to the organisation through the work of the Scrutiny Committees and a variety of informal scrutiny panels and activities. Scrutiny is an integral part of the Wales programme for improvement, and its challenge is designed to support the cabinet in providing accessible, efficient and effective services for citizens.

69. The Council has appointed five standing Scrutiny Committees, each of which meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review. Training events were arranged throughout the year for scrutiny members; an example includes 'Working with Risk – Budget Scrutiny Workshop' which was held in January prior the Council's budget being set for 2015/16.

70. On 2 April 2014, Democratic Services Committee was presented with a Strategy for Democratic Services 2014/15. The Strategy set the framework for a number of improvements to be implemented throughout the year. Following the Cabinet report presented in May 2014 'Establishing a Programme of Organisational Change for the City of Cardiff Council' it was agreed that the 'Governance and Member Engagement' become a formal Programme to deliver against the Organisational Development Plan. Therefore the programme has ensured the effective delivery of the improvements identified in the report presented to Democratic Services Committee.

71. The Council's Scrutiny Committee Work Programme for the municipal year 2014/15 was published on the Council's website by way of a forward plan, which gave details of the task and finish inquiries to be undertaken through the year and the associated timescales for delivery.

72. Each Committee launches a number of in depth inquiries each year to help the Cabinet develop and review robust, evidence driven policies and services. The Committees provide recommendations to the Cabinet following Scrutiny Inquiries, the majority of which are fully accepted. Recommendations are monitored to ensure these are accepted. Each Inquiry is formally presented to Cabinet and a formal response given, detailing exactly how many recommendations are accepted / partially accepted / rejected. Scrutiny Committees then monitor the implementation of recommendations at appropriate points going forward, often annually.

73. A number of letters are written by the Council's five Scrutiny Chairs to Cabinet Members following Scrutiny Committee meetings, offering advice on service improvements. Where Scrutiny Chairs write letters to Cabinet Members the Chair formally requests a response from the Cabinet, again in the form of a letter, which should give a clear indication of whether recommendations are accepted or not. Both letters are published with Committee papers for transparency. If a Scrutiny Committee has an ongoing interest in a subject they will often ask for a progress update on implementation of recommendations.

74. The Council is entering into an increasing number of collaborative scrutiny arrangements with its partners. Notable examples currently underway are the Prosiect Gwyrdd five Council Joint Scrutiny Panel and the Cardiff Partnership Joint Scrutiny Panel. Plans to develop joint scrutiny committees to ensure democratic accountability of regional social care and schools improvement consortia are underway.

75. In January 2015, a project brief for Improving Scrutiny was presented to the Governance and Member Engagement Programme Board. The purpose of the Project is to ensure that scrutiny remains agile and able to play its role as a critical friend, in an environment that will see greater emphasis on partnerships, collaboration, commissioning and other alternative delivery models.

76. The project looks to take forward the learning from the Council's participation in the 2013 Wales Audit Office Improving Scrutiny Study; and to assess and make recommendation on the structures and arrangements that will be most appropriate to manage the scrutiny of the Council's transformation over coming years. The Project is being undertaken in participation with the Centre for Public Scrutiny, a charity providing expertise and capacity in non-executive governance. The Council is one of nine major case studies featured in a UK wide analysis of local Authority transformation.

77. A project plan has been agreed along with a number of actions to be undertaken through 2014/15, some of which have already been undertaken including Scrutiny Chairs' Liaison Forum. The Centre for Public Scrutiny interviewed key project stakeholders from senior officers through to members and desk top research has been undertaken. It is anticipated that the project will conclude in the summer of 2015. A Scrutiny Inquiry Report will be drafted in April 2015 and finalised in May, which will then be submitted to Cabinet. The timescales in place will enable managers to implement arrangements in time for the start of the 2016/17 financial year.

78. In addition to the Council's five Scrutiny Committees the Audit Committee provides a role in challenging and scrutinising the Council's governance, risk management and internal control arrangements. The work of the Audit Committee is very much informed by the work of the Internal Audit Team. The Audit Committee has reinforced the work of the Internal Audit Team, by writing to the Chief Executive or relevant Scrutiny or Cabinet Members, following reports which have been presented to the Committee. The Audit Committee was also supportive of the Audit Manager in writing to all Directors to reinforce the message of financial conduct and internal control at a time of severe financial pressures.

79. Following the Organisational Development Plan report to Cabinet in May 2014, the Chief Executive instigated the Cardiff Manager Programme, currently being rolled out and delivered to middle managers across the Council. The programme delivers training on a number of themes including financial understanding, the management of budgets, evaluating and managing risks, financial compliance, commercial awareness and business case management. The programme provides a benchmark of information and understanding to enable managers to make informed and transparent decisions. Cohorts commenced on the programme in the autumn of 2014 and will continue into 2015/16.

80. Further initiatives have commenced in 2014/15 to drive consistency in the standards applied across the Council. E-learning modules are being developed around the management of risk and how to deal with instances of fraud; both of which will reinforce the message of the high standards expected of all staff.

81. The Audit Committee in January 2015 approved the Senior Management Assurance Statement 2014/15 to inform this statement, which will be completed by Directors at the year end position and challenged by the Audit & Risk Manager. Amendments have been made; specifically the emphasis has been on internal control and compliance and an additional question on Personal Performance and Development Reviews.

82. Work is continually ongoing to review the extent to which risk management is becoming embedded within the Council. The Council has a Risk Management Steering Group which is made up of Directors, a Member Risk Champion and dedicated officers from Internal Audit, Insurance, Improvement & Information Management and Partnership & Citizen Focus. Councillor Graham Hinchey is the nominated Member Risk Champion and the Corporate Director Resources has continued as Senior Officer Risk Champion through 2014/15.

83. During the financial year the group have focused on a number of key themes including comparison exercises undertaken to those within the Core Cities Group. The findings have been presented to the Steering Group, with the exercises focused on Corporate Risks, Risk Management Partnership Protocols and Risk Appetite Statements. Following the research the group will oversee the development of a Risk Management Partnership Protocol to supplement the Risk Management Policy, Strategy and Methodology; and the development of a Risk Appetite Statement in 2015/16.

84. In September 2014 the Steering Group was presented with an Internal Audit report of the Council's Risk Management arrangements, which identified good practice in many aspects of managing risks. An overall satisfactory audit opinion was provided and an Action Plan setting out a few recommendations to enhance existing arrangements, which are being overseen by the Steering Group e.g. the development of a Risk Appetite Statement which will be taken forward in 2015/16.

85. The work of the Risk Management Steering Group is cascaded to the network of Risk Champions who assist with identifying, assessing and managing risks at a Directorate level.

86. The Council has a Risk Management Policy, Strategy and Methodology, which was last reviewed in 2013/14. The Cabinet approved the revised document on 13 March 2014. Cabinet members were also provided with risk management training during the year.

87. A Corporate Risk Register (CRR) is maintained which highlights the strategic risks facing the Council. The CRR is reviewed by SMT quarterly and by the Audit Committee and Cabinet on a six monthly basis. Each year an assessment is undertaken to cross reference the CRR to the Corporate Plan which incorporates the strategic objectives. This forms the focus for senior managers in identifying their business risks, as detailed in their Directorate Delivery Plans.

88. All major programmes and projects are required to develop and maintain an up to date risk register as an integral part of the Project Quality Assurance (PQA) process.

89. Risk assessment continues to be a key strand to the Budget Strategy where risks are considered as a factor in allocating resources.

Developing the capacity and capability of Members and Officers to be effective

90. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity required to discharge their responsibilities. The Council recognises the value of well trained, competent people in effective service delivery. All new staff and Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures.

91. The Democratic Services team coordinate and facilitate a range of training courses to assist Members in carrying out their roles as ward members and community leaders. Where Members feel they require specific training then this is arranged. This may be undertaken in a group environment or one to one with officers. The Council provides a Member development programme which includes both mandatory (Code of Conduct, Planning) and discretionary elements. Twenty six sessions were delivered through the year, which were well attended. Democratic Services Committee has set up a Task Group to plan the new programme for 2015/16 after annual Council in May. A mentoring programme continues to be in place for Members to support each other.

92. The Council operates a Personal Performance and Development scheme through which each member of staff has regular structured opportunities to discuss their objectives, performance against those objectives, and their development needs and aspirations.

93. The Council provides targeted management development programmes including the Sustainable Leaders Programme, and is developing its approach to talent management.

94. The City of Cardiff Council Academy demonstrates a clear commitment to investing in staff as we make significant changes across the organisation. Supported by the Trade Unions, plans are in place for a programme of learning and development courses that will provide staff at all levels with opportunities to strengthen their existing skills and develop new skills.

95. Senior officers and those involved with financial and procurement matters are expected to comply with the system of financial management within the Council, which is based on a framework of regular management information, Financial Procedure Rules, Contract Standing Orders and Procurement Rules. The rules underpin the Council's Constitution and a system of delegation and accountability.

96. In some areas compliance with Council rules has been identified as an issue and training has been delivered to Managers in those areas and continues to be offered on an ongoing basis. A number of training sessions specifically covered the Contract Standing Orders and Procurement Rules. A training programme has been delivered to Governing Bodies, Head Teachers and Financial Staff specific to the Financial Procedure Rules for Schools and was generally well attended.

Engaging with local people and other stakeholders to ensure robust public accountability

97. The Council's planning, decision making and scrutiny processes facilitate public involvement providing opportunities for the views of local people to inform decisions. Full Council meetings include a facility for public questions, and the Council's Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to address Committees.

98. In October 2014, the Cabinet agreed a renewed set of Cooperative Values for the organisation, focusing on fairness, openness and working together. The values mention specifically the importance of being "open and honest about the difficult choices we face, and leading a debate where people can have their say on what's important to them and their communities." Greater consultation, engagement and joint working with citizens are at the heart of these values, particularly being an Open Council.

99. The Cardiff Debate was launched with partners in June 2014 as a three year 'conversation' about the future of public services in Cardiff.

100. The first phase of engagement involved 37 events across the city, covering every Neighbourhood Partnership area and ward. The events involved a combination of 'on-street' sessions which were at existing community events, festivals or at community facilities such as supermarkets and a number of 'Drop-In' Workshops. The sessions focussed on which services mattered most; how the public service can save money and do things differently, and how can the community get more involved.

101. Interest in the events was high with over 3,000 postcards completed by the public and over 6,600 'votes' cast on people's top three services. A full report of the results and findings of Phase 1 can be found at <http://cardiffdebate.co.uk/reports-and-information/>

102. As part of the Cardiff Debate work, the Council and its partners have collected citizen vox pops on what people think are priorities and a new website has been established for people to give views. Social media is also being utilised to encourage discussion, promote engagement events and share findings - @Cardiff Debate.

103. In light of the difficult budget decisions required, the Council has undertaken its largest public consultation on the budget proposals to date. City wide proposals were published by neighbourhood areas within the 'Changes for Cardiff' consultation so the public could understand the full impact of the proposed budget savings in their community.

104. A wide range of mechanisms were used to promote the consultation including a short video on the '£124m budget challenge', 10 engagement events, partners, libraries, leisure centres, community centres, Citizen's Panel, social media etc.

105. At the end of the consultation the response included 4,191 questionnaire responses received; over 500 attended events; 766 communications received, 91,418 views of the budget webpage and 20,000 people signed petitions representing a high level of engagement in the consultation. A full report on the consultation process and results can be found at www.cardiff.gov.uk/budget

106. The Council continues to provide a webcasting service for live meetings, with the facility to download relevant documents or presentations discussed. The service is designed to be as easy to use as possible so once the meeting is archived an agenda item can be selected to view the discussion. Webcasting means it is easier than ever before to see how the Council works and decisions made, whilst also giving the public the chance to feedback on items being discussed.

107. Scrutiny meetings are held in public, with annual reports published by each of the Council's five Scrutiny Committees presented to Council. Scrutiny reports and inquiries are published on the Council website. Scrutiny in-depth inquiries often include large scale surveys of public opinion on specific issues, and also take detailed evidence from academic experts, and public and third sector leaders on topics of their expertise.

108. Arrangements for consultation and for gauging the views of local people include the Citizen's Panel, the Ask Cardiff Survey, service specific consultations, and processes to receive and respond to petitions and community referenda. Consultations undertaken by Directorates are in accordance with the Council's Corporate Consultation Strategy.

109. All reports, minutes and decision registers are published in a timely manner and are open for inspection. All meetings are held in public, subject to the consideration of exempt information as defined by the Local Government Act 1972.

110. The system 'Modern.gov' was implemented in November 2014 for committee clerks to use and has increased the efficiency of the Democratic Services Team in administering meeting papers. The system stores all committee reports, back dated to May 2012. The intention is that the system will go fully live in May 2015.

111. Elected Members engage with local residents in a number of ways as part of their community leadership role, including ward correspondence, newsletters, ward surgeries, public meetings and bringing forward petitions to Council meetings which have been submitted by local people. The Council is also actively developing Neighbourhood Management arrangements to facilitate the engagement of local people and other stakeholders in the identification of local priorities and solutions.

112. A budget engagement process was undertaken to inform the 2014/15 budget proposals which included engagement events, an on-line budget strategy tool and consultation on the detailed proposals.

113. The Council publishes a newsletter 'Capital Times' which is distributed to every home in Cardiff providing up to date information on the Council's vision and priorities.

114. Performance against the Council's targets and objectives is reported publicly on a quarterly and annual basis.

115. Institutional stakeholders to whom the Council is accountable include the Welsh Government and External Auditors (Wales Audit Office). Regular meetings are held with representatives from both organisations to ensure effective working relationships are in place.

116. To ensure staff are consulted and involved in decision making, various channels of communication are used including the Chief Executive's Update, joint updates from the Leader and Chief Executive, Core Brief, 'Our News' newsletter and 'Your Inbox' circulars.

117. The Council regularly engages in consultation with the Trade Unions. Consultation with the Trade Unions has taken place through 2014/15, particularly with regards to the budget saving proposals which were considered in advance of the Cabinet meeting. In addition, detailed negotiations in respect of the Budget Strategy planning assumption in relation to reductions in employee costs were completed in January 2015 with the agreement of the Partnership for Change Memorandum of Understanding. This document was considered by Cabinet on 26 January 2015 and will prepare the way for continued negotiations between the Council and trade unions to conclude by 31 July 2015.

Review of Effectiveness

118. Regulation 4 of the Accounts and Audit (Wales) Regulations 2014 requires Authorities to carry out an annual review of the effectiveness of the system of internal control. This is informed by:

- The senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment;
- The opinion of the Audit Committee;
- The outcome of any Scrutiny reviews;
- Views or comments from any Committee, the Cabinet or Council;
- The work of the Internal Auditors;
- The external auditors and other review agencies and inspectorates.

An Internal Control Self Assessment

119. At the year end position Directors are required to complete a Senior Management Assurance Statement, reflecting on the internal control arrangements within their Directorate. Management teams are responsible for monitoring and reviewing internal controls as an integral part of the risk management process. Any significant issues will be highlighted in the Assurance Statement.

120. Building on previous work of the Annual Governance Statement 2013/14, Internal Audit following year end will facilitate an update of the 'Significant Governance Issues'. Directors are asked to consider any outstanding significant issues and either close these, where action has been taken, or update them where the issues are ongoing.

121. Any new issues captured on individual Senior Management Assurance Statements, which also feature on the CRR, will not be listed in the issues log but instead managed through the CRR review process so to avoid duplication in the review process.

Assurance Mapping

122. During a period of unprecedented financial challenges the Audit Manager is aware of how stretched resources are across Directorates, which will become even more of a challenge in 2015/16. The Audit Manager has set about identifying which Regulators and other Inspection Bodies are engaging with Directorates. This information will be used to build and develop an Assurance map to provide an overview of the work of others, which may contribute to providing assurance in relation to governance, risk and internal control matters. This will help shape future Internal Audit priorities and impact on the work and timing of the Internal Audit team, who should seek to provide greater assurance in some areas, avoid duplication and ease the pressures on Directorates, in dealing with those who seek to provide independent assurance on Council functions.

123. Evidence has been collated to inform this Assurance mapping exercise at the financial year end which captures the key information presented to Cabinet and Committees of the Council. The aim of the exercise is to ensure all key sources of assurance can be captured in this statement. Work has also started to determine where the work of others seeks to provide assurance around the mitigation of corporate risks as set out in the Corporate Risk Register. This again will help provide assurance to senior management understanding where others are contributing to mitigation of these strategic risks and can help to shape audit plans and priorities to maximise the use of this resource.

External Audit and Inspection

Wales Audit Office

124. The Council is subject to Statutory External Inspections by various bodies including the Wales Audit Office, ESTYN and Care and Social Services Inspectorate Wales.

125. Annually the Wales Audit Office produces an Annual Improvement Report based on an assessment of the Council's arrangements to secure continuous improvement through the delivery of services.

126. During the financial year 2013/14 the Wales Audit Office commenced a 'Full Corporate Assessment' of the Council. The assessment was to provide a position statement of the Council's capacity and capability to deliver continuous improvement. Cabinet in September 2014 considered the Wales Audit Office Corporate Assessment. Within the report the conclusion was that fragmented leadership and management have meant that weak performance in key service areas has not improved. The Wales Audit Office has stated that this conclusion was reached because:

- political and managerial instability over a number of years has meant that the Council has been unable to develop the culture and framework necessary for continuous improvement;
- the Council has identified what it wants to achieve for its citizens but has lacked an effective means of delivery;
- some processes intended to ensure good governance are not being implemented, and decision-making processes are inefficient and lack transparency;

- whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past;
- although the Council ensures a balanced budget, prospects for achieving proposed savings in 2014-15 are uncertain and the anticipated level of future funding means current methods of service delivery are unsustainable;
- corporate human resource arrangements are founded on positive practice but are not being implemented consistently;
- the Council is improving its use of information technology and its information management arrangements;
- the Council is not managing its land and property assets well; and
- the Council engages well in collaboration with others and is able to demonstrate improved outcomes for citizens.

127. The majority of the issues raised in the Wales Audit Office report had been previously identified in the Chief Executive's report approved by Cabinet in May 2014 addressing the challenges facing the Council, and setting out the Organisational Development Programme through which to secure continuous improvement in both systems and services. The Programme remains central to the Council's approach to addressing the issues reported by Wales Audit Office, with some strengthening of the plan being undertaken to ensure all key issues are addressed.

128. On 31 March 2015 a report was presented to the Policy Review and Performance Scrutiny Committee which gave the Committee an opportunity to receive more detailed information on the work to date to deliver the Organisational Development Programme. The report offered assurance against the Council's progress in addressing the findings of the WAO Corporate Assessment Report 2014 and service improvements which have taken place.

129. Cabinet received an update on the Organisational Development Programme in July 2015. The programme has a rolling three-year time horizon, and progress has been made on a number of fronts, addressing positively the observations of the Wales Audit Office via the Corporate Assessment, and shifting the organisation into a process of service reviews and change through its principal portfolios of work i) Enabling and Commissioning Services and ii) Reshaping Services.

130. The organisational development update report provides further details on the work streams, associated milestones and required next steps in order to deliver the required outcomes of the Organisational Development Programme and move the council towards a new Target Operating Model. Officers and Elected Members will work jointly to develop the future direction of the programme ensuring cross party buy in to the programme and awareness of the challenges faced and the solutions implemented.

131. In the case of the Corporate Assessment for the Council, the Auditor General made one proposal for improvement, in that 'the Council ensures the implementation of its Organisational Development Plan resolves the range of issues identified in this assessment'.

132. The Wales Audit Office has been monitoring progress through out the financial year and intends to undertake a further inspection in 2015/16 to assess progress.

Internal Audit

133. The Council operates an independent Internal Audit function whose role is to review internal control arrangements. This function has operated under the requirements of the Public Sector Internal Audit Standards which came into effect on 1 April 2013.

134. The Audit Manager is responsible for providing an independent opinion on the adequacy and effectiveness of the systems of internal control, based on the work undertaken by the section. The Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

135. The Audit Manager is responsible for the efficient and effective delivery of an audit and investigatory service and reports to the Section 151 Officer, but also has the Authority, as appropriate, to report in his own name and has direct access to all Council Officers and Members. The Audit Manager post has been undertaken on a job share basis since April 2011. Managers are required to consult with Internal Audit in relation to any system changes or developments where the internal control environment may be affected.

136. Based on the programme of audit and investigatory work undertaken and contributions to preparing some of the key governance documents i.e. Corporate Risk Register and the Annual Governance Statement, it is considered that overall the framework for financial control within the Council, for the financial year 2014/15 is satisfactory. The Internal Audit Annual Report provides more details of sources of assurance and background to this opinion, It also highlights some issues around compliance and pressures on Directorates which is beginning to impact on the internal control environment which include:

- a potential impact on the Council's control environment of significant business change activities resulting from the Organisational Development Programme. This is proactively monitored with Directors as a 'significant governance issue', and via the Policy Review and Performance Scrutiny Committee;
- budget and service delivery pressures resulting from continuing reductions in resources, a growing population, and greater demand for public services. Assurance is gained through regular updates to the Committee from the Corporate Director Resources and other senior managers, and Committee challenge and scrutiny of the Budget Strategy;
- contract and procurement concerns raised by Members of the Committee about the lack of appropriate skills within the Council to manage contracts effectively, particularly at a time when the Council is moving towards new delivery models for services, for which sound contract management is essential;
- School governance and compliance matters, historically reported in a number of 'Limited Assurance' Internal Audit reports. The number of 'Limited Assurance' reports reduced in 2014/15, and the Committee received a presentation from by the Director of Education & Lifelong Learning on actions being taken to resolve prevalent issues;
- the reduction of Internal Audit staffing resources and more recently a loss of experienced staff. Reliance is placed on the Internal Audit team to provide assurance to the Section 151 Officer and senior management on the key controls in place across the Authority. Resource pressures will require continuing attention and close monitoring as Internal Audit plays a key role in supporting senior managers in maintaining an effective control environment, particularly when resources are stretched.

Audit Committee

137. Based on the evidence presented to the Audit Committee during 2014/15, it is the considered view of the Committee that the Council does, for the most part, have sound financial controls and governance arrangements in place. Strategic risks are well captured and reviewed on a regular basis and these represent the true challenges facing the Council at the present time. Examples of where the Committee has continuing concerns, which will be incorporated into the Committee's Work Programme for 2015/16, include:

Organisational Development Plan

138. Historically, the Audit Committee has been kept informed of significant business change activity and the potential impact on the control environment. On 8 December 2014, the Committee welcomed the presentation by the Leader of the Council and the Chief Executive on the arrangements in place to deliver the Organisational Development Plan. The Committee asked to continue to be kept informed of the progress against the plan, and emphasised the need for accountability to be clear and governance structured and adhered to so as to mitigate the associated risks.

139. Linked to the WAO Corporate Assessment and Organisational Development Plan, the Committee has emphasised the need for managerial stability through the recent senior management restructure.

140. In March the Committee was presented with a Cabinet report which set out the rationale for the restructure which has been duly noted e.g. to provide capacity of strategic leadership balanced with effective operational management.

141. The Committee appreciate that delivery against the Organisational Development Plan will be monitored and challenged by other Committees and is mindful of this in looking ahead to its own work programme for 2015/16. Where assurance can be placed on the work of other Committees there will be less need for officers to duplicate information to the Audit Committee; with regard to the Organisational Development Plan, assurance will first be sought from the Policy Review and Performance Scrutiny Committee.

Budget Pressures

142. The Committee will continue to receive regular updates from the Corporate Director Resources and other senior managers to seek assurances around sound governance and fundamental financial control.

143. The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing unprecedented challenges in how it delivers services in the future. Care will continue to be required to ensure that the significant changes to business processes and personnel that will be required do not impact on the financial control environment in a negative manner.

144. Looking ahead, Members of the Committee will be seeking further information in relation to the Budget Strategy Assumptions, in accordance with their role and given the unprecedented savings to be found in future years.

Contract and Procurement Matters

145. The Committee has been informed, through the work of the Internal Audit team, of the compliance issues identified in relation to some contract and procurement matters. Whilst a framework of rules and best practice guidance is in place Internal Audit reports continue to highlight compliance issues in some areas. The Committee has raised this as a concern in previous years; however there are general signs of improvement, apart from small pockets of non-compliance. The Committee has established a Task and Finish Group to examine some specific contract matters which will report back to the main Committee during 2015/16.

146. Members of the Committee have raised concerns around the lack of appropriate skills within the Council to manage contracts effectively, particularly at a time when the Council is moving towards new delivery models for services, of which contract management would be key to the achievement and success of these arrangements.

Schools Governance & Compliance

147. Historically the Audit Committee has sought increased assurance around the governance and compliance arrangements of Cardiff's schools due to the number of 'Limited Assurance' audit reports issued by the Audit & Risk Manager. The number of these reports has reduced in 2014/15. The Committee welcomed the presentation by the Director of Education & Lifelong Learning who provided assurance around the action being taken to resolve prevalent issues within schools i.e. governance arrangements, contract management practices and deficit budgets.

148. Given the composite size of school budgets and reputational risk to the Council, the Committee will continue to monitor schools governance through the work of the Internal Audit team; and the Director of Education and Lifelong Learning will provide an Annual Report to the Committee identifying progress made against the issues raised by Members of the Committee.

149. The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. The Audit Committee continues to support the production of best practice guidance which strengthens financial control within schools and for these to be commended to schools.

Internal Audit Resources

150. The financial challenges facing the Authority are having an impact across all services resulting in the reduction of resources. The Internal Audit section like others has seen a significant reduction in the number of staff in recent years, and more recently a loss of experienced staff. Reliance is placed on the Internal Audit team to provide assurance to the Section 151 Officer and senior management on the key controls in place across the Authority.

151. Members of the Audit Committee have concern over the continuing reduction in Internal Audit resources and the likely impact any further reductions may have on audit coverage and the assurances provided from the work of the Audit teams. This was highlighted at the March 2015 meeting of the Audit Committee, when consideration was given to the Internal Audit Strategy 2015/16. The Audit Committee has expressed strongly that in terms of reducing resources for Internal Audit, there is a point below which the Council should not go, or it will put itself at risk. This requires careful monitoring, and the Audit Committee will be kept informed of the issues facing the Internal Audit team and closely monitor resource implications and the informed associated risks, through the Audit & Risk Manager's quarterly progress reports.

Reducing Resources and Maintaining Fundamental Controls

152. Some Internal Audits issued during 2014/15 have identified increasing pressure on implementing audit recommendations to enhance the internal control environment. Management agree to the recommendations in principal and encouragingly the level of agreement for these is around 100%, but in some areas they are struggling to implement all the recommendations to which they are committed, due to a lack of resource, having lost a number of experienced officers. This is not considered to be a significant issue at the moment as managers are working with the Audit Team to consider compensating controls and smarter ways of working to ensure that fundamental controls are maintained. This will nonetheless be a key consideration for the future, and an area that requires careful monitoring.

Other Sources of Assurance

153. The Council receives reports from other regulatory and inspection regimes which often refer to risk management, governance and control issues. Where this is the case the appropriate Director will receive and action the report and any significant issue arising from these will have been highlighted in their Annual Assurance Statements. The work underway to respond to the Wales Audit Office assessment will also serve to identify and address any concerns raised by other regulators or be part of elements of the Organisational Development Programme that is underway.

Significant Governance Issues

154. As part of the aforementioned governance methodology Senior Management Assurance statements returned from Directors identified twelve issues, which were discussed at the Senior Management meeting in May. At that meeting, having considered each, it was decided that none of these need feature in the Annual Governance Statement, as some were linked to Corporate risks, (some of which may need changing to reflect new pressures), some were captured in the Actions carried forward from 2013-14 (see below) and the rest were not considered strategic and it was felt, best addressed within Directorates.

155. There were four significant issues identified during 2013/14 and carried forward into 2014/15. Much work has been done on all of these but they are still considered ongoing at the end of the financial year 2014/15 with more work to be done to address the issues. Details of these, with an updated position as at year end, are shown below.

Significant issue	Year End Position 2014/15	Responsible Officer
<u>Capacity & Decision Making</u>	<u>Capacity and Decision Making</u>	
The Council is facing unprecedented financial pressures where significant savings have had	A reduction in staff across the Council has reduced capacity and increased pressures on staff to provide professional	Senior Management Team

Annual Governance Statement

Significant issue	Year End Position 2014/15	Responsible Officer
<p>to be realised, consequently Directorates have seen a reduction in staff resources which increases the pressure on staff to have the capacity to provide professional and sound advice.</p> <p><u>Action at year end position 2013/14</u></p> <p>Prioritisation of work to make best use of internal expertise.</p>	<p>and sound advice. Directorates have mitigated against this by revising their service delivery plans and streamlining their activities to reflect the resources available. Much work has been done on service reviews and identifying key activities to ensure efficient and effective use of reducing resources.</p> <p>Much work has been done on improving performance management arrangements and reporting thereof and there are a number of ongoing restructures to deliver services most effectively with limited resources.</p> <p>Decision making has improved through prioritising work and restructuring teams to make the best use of internal expertise.</p> <p>In 2015/16 Directorates will be required to further tighten, rationalise and prioritise their work through their delivery plans and review action plans and consider what they can restructure or stop doing. Improvements will be monitored through performance management arrangements ensuring that there is clear visibility and management of risks. Delivery of projects such as SharePoint and Online Services will improve access to information for staff and customers and therefore increase capacity for staff to provide advice.</p>	
<p><u>Organisational Development (OD) Plan</u></p> <p>The Cabinet acknowledges the range of critical challenges facing the Council. In order to respond to these challenges an ambitious programme of organisational change has been established to reflect the transformational ambition for the Council and for Cardiff. This includes a wide number of capital and other projects. We need to ensure that projects are commissioned through proper arrangements and that their subsequent sponsorship ensures that project objectives are met. The requirement to have sound processes and governance arrangements are critical to the</p>	<p><u>Organisational Development (OD) Programme</u></p> <p>The OD programme has been revised and divided into two Portfolios: “Enabling and Commissioning” and “Reshaping Services” which will ensure delivery and has improved the governance of the Council’s change agenda as well as adhering to the Authority’s scheme of delegations. Robust project management approaches are led by appropriate Directors. A year end assessment for the programme has been considered by the Challenge Forum and Policy Review and Performance Scrutiny Committee.</p> <p>The focus in 2015/16 will be to continue to strengthen governance arrangements. This can be achieved by ensuring that reporting and decision making from the</p>	<p>Senior Management Team</p>

Annual Governance Statement

Significant issue	Year End Position 2014/15	Responsible Officer
<p>success of the Programme.</p> <p><u>Action at year end position 2013/14</u></p> <p>The OD Plan identifies the key enablers through which the Council will reposition its approach to understanding and meeting citizen needs. This approach will be central in meeting the challenges facing the Council.</p>	<p>programmes within the OD is also aligned and communicated to other Corporate boards e.g. Investment Review Board and Asset Management Board.</p> <p>The OD programme should also continue to identify and address skills gaps to enable effective delivery of the projects.</p>	
<p><u>Commissioning Capability and Capacity</u></p> <p>In the new Organisational Framework this will be a critical competency and capability. The success of a number of programmes depends on having this capability and capacity in place e.g. Health & Social Care transformation.</p> <p><u>Action at year end position 2013/14</u></p> <p>A Commissioning Capability Framework needs to be developed using external best practice and internal experiences and skills. This framework will identify key competencies, capabilities and behaviours needed to successfully develop and get the best out of partnerships with service providers. It is now critical that this framework is translated into delivering a step change in commissioning capability.</p>	<p><u>Commissioning Capability and Capacity</u></p> <p>The Council has pursued a more effective strategic commissioning approach. Directorates have worked with the Commissioning and Procurement team to develop the new Commissioning Framework. Health and Social Care have developed commissioning models for residential and nursing care, domiciliary care and supported living.</p> <p>In 2015/16 Health and Social Care will have a programme to commission support from the third sector and establish a model for the commissioning of internally provided services.</p> <p>As the Commissioning Framework progresses it has been identified that contract management skills in the Council need to be developed.</p>	Senior Management Team
<p><u>Transparency of Internal Market Costing</u></p> <p>The Council's internal charging arrangements are not always sufficiently transparent in terms of rate setting, monitoring and charging. Some council wide arrangements, for instance the timescales operated by Service Desks are not always sufficiently aligned to the requirements of business critical services within Directorates.</p>	<p><u>Transparency of Internal Market Costing</u></p> <p>Where possible Directorates have used in-house support and advice teams but have challenged some costs. It has been noted that Directorates would like increased transparency of charging by the Central Transport Service in particular.</p> <p>For 2015/16 a new system will be introduced to enable full transparency of internal charging arrangements.</p>	Senior Management Team

Annual Governance Statement

Significant issue	Year End Position 2014/15	Responsible Officer
<p><u>Action at year end position 2013/14</u></p> <p>Reviews currently being carried out to improve costing arrangements in the most critical areas with ongoing investigations to shortly commence in less critical areas. Account manager arrangements to be considered to improve dialogue between customers and clients.</p>		

Significant Issues - The Cardiff and Vale of Glamorgan Pension Fund

156. During 2014/15, no significant governance issues have been identified in respect to the Pension Fund however it is considered the following may have potential implications on future financial periods and is worthy of note in this statement.

Issue	Action	Responsible Officer
<p><u>Welsh Local Government Pension Funds Working Together</u></p> <p>In 2010 the Pensions Sub Group of the Society of Welsh Treasurers commissioned a report from PWC who were asked to conduct a high level review of ways in which the eight current pension Funds could operate more effectively together, particularly in their investment and administration arrangements.</p> <p>During 2014/15 Mercers were commissioned to work on the detailed business case for a collaborative investment vehicle for Pension Funds in Wales. The final report will be published in 2015/16.</p>	<p>The Cardiff and Vale of Glamorgan Pension Fund to continue to contribute to the Project, Project Board and Steering Group.</p> <p>Developments are regularly reported to the Pension Fund's Investment Advisory Panel.</p>	Corporate Director Resources
<p><u>Local Pension Board</u></p> <p>The Public Service Pensions Act 2013 and the LGPS Regulations require the Council to establish a Local Pension Board. The Terms of Reference was agreed by Full Council on 29 January 2015.</p>	<p>Appointment of Board Members to be completed and the first Board meeting to be held by 31 July 2015. The Board will meet at least twice a year.</p>	Corporate Director Resources

Cardiff Port Health Authority (CPHA)

157. During 2014/15, no significant governance issues have been identified in respect to the Cardiff Port Health Authority.

Monitoring

158. We propose over the coming year to take steps to address the above matters 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.

Certification by the Leader of the Council and the Chief Executive

159. The Council's Section 151 and Monitoring Officers are content that the process followed has been robust and has ensured the engagement of the Council's Senior Management Team.

160. We have been advised, by the Council's Section 151 and Monitoring Officers, on the implications of the review of effectiveness based on the systems of internal control. There are plans to provide improvements in review processes and address weaknesses to ensure continuous improvement of the system of internal control.

161. On the basis of this process, the legal and financial advice of the statutory officers, and the Council's Policies and working arrangements we certify that we approve the Annual Governance Statement 2014/15.

Paul Orders, Chief Executive

Date:

Councillor Phil Bale, Leader of the County Council of the City and County of Cardiff

Date:

Glossary of Local Government Accountancy Terms

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance and other specialist areas, which are described below:

Agency Services

The provision of services or functions, which are the responsibility of one Authority or public body, by another. The policy and financial resources are set by the principal Authority and implemented by the agent Authority.

Asset Under Construction

An Asset Under Construction represents an asset that is not yet complete.

Borrowing

Loans taken out by the Authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Capital Financing Requirement

An Authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account via a prudent minimum revenue provision.

Capital Receipts

Income from the sale of capital assets that can be used to fund new capital expenditure schemes, or reduce the underlying need to borrow. Capital receipts cannot be used to fund revenue expenditure, unless they relate to the costs of securing disposal.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the professional body for people in public finance. As the world's only specialised public services body, they provide information, guidance, and determine accounting standards and reporting standards to be followed by Local Government.

Civil Parking Enforcement

A responsibility granted by Welsh Government designating Cardiff as a "Civil Enforcement Area". This gives the Council direct control over the deployment of enforcement staff across the highway network, allowing enforcement to be targeted more effectively to local needs and transportation strategies.

Council Fund Balance

The Council Fund Balance represents the cumulative retained surpluses on the Council's revenue budget. It provides a working balance which can be used to cushion the Council against unexpected events or emergencies. It is reviewed annually to ensure it remains at an appropriate level.

Credit Criteria

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

Depreciation/Impairment/Amortisation

A charge made to the Comprehensive Income and Expenditure Statement to reflect an estimate of the use or consumption of non current assets in the year in the provision of Council services.

Direct Revenue Financing

The amount of revenue funding used to pay for capital expenditure incurred.

Earmarked Reserves

Amount set aside from the General Balance to fund a future specific purpose or requirement. This is done in accordance with CIPFA guidance (LAAP 77).

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations than to secure a fair price.

Financial Guarantee

The promise to make specified payments to the holder of a debt if the debtor fails to make payment in accordance with the terms of a contract.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans provided and investments.

Housing Revenue Account (HRA)

The HRA is an account of expenditure and income that every local Authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's Capital Financing Requirement.

Internal Borrowing

Money borrowed from within the Council, sourced from temporary internal cash balances.

Investments

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Non-domestic rates (NDR)

A levy on businesses collected by billing Authorities, on behalf of the Welsh Government, and paid into an All Wales Pool. The Pool is then redistributed amongst all Welsh Authorities on the basis of population.

Pension Fund

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

Precept

A demand levied by one public Authority, which is collected on its behalf by another Authority.

Provisions & Reserves

Amounts set aside in a year to cover expenditure in the future. Provisions are amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain. Reserves are also amounts set aside for future use but fall outside the definition of provisions. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every Authority must maintain as a matter of prudence.

Prudential Code for Capital Finance

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local Authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Prudent Revenue Provision (PRP)

An amount set aside as a provision each year to repay loans taken out to pay for capital. This has the effect of reducing the Capital Financing Requirement (CFR).

Public Works Loan Board (PWLB)

The Public Works Loan Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local Authorities and other prescribed bodies, and to collect the repayments.

Recharge

An internal charge for services rendered by one Council directorate or section to another.

Revenue Expenditure funded from Capital Under Statute (REFCUS)

Represents expenditure that may properly be capitalised under statutory provisions but which creates no tangible asset for the Authority e.g. house renovation grants to private individuals or revenue expenditure which would normally be charged to the revenue account, but which can be charged to capital following approval by the Welsh Government.

Revenue Support Grant

General government grant in support of local Authority services. It seeks to even out the effects on the council taxpayer of differences in needs between Authorities.

Term Deposits

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

Trust Funds

Funds held in trust which are administered by the Council.

ANNUAL RETURN

2014/15

of

CARDIFF PORT HEALTH AUTHORITY

FOREWORD

The Cardiff Port Health Authority's annual return for the year 2014/15 is set out on page 193.

Port Health Authorities are constituted with the primary objective of preventing the spread of infectious diseases without creating unnecessary interference to world shipping.

Cardiff Port Health Authority was originally established by a Provisional Order in 1882, becoming permanently constituted by the Cardiff Port Order (1894) and consolidated by the Cardiff Port Order (1938) and the Port Health Authorities (Wales) Order (1974). Its Authority covers the area, from low water mark, three miles seaward, between Sully Island and the River Rhymney, including all water, docks, harbours and vessels.

The Authority, through the officers of the Environmental Service of the Council, inspects ships entering the area to ensure compliance with health regulations. To meet the expenditure incurred in these activities, the Authority raises a levy on the County Council of the City and County of Cardiff and the Vale of Glamorgan Council. Its other main revenue source is income arising from the granting of Ship Sanitation Control Exemption Certificates/Ship Sanitation Control Certificates (SSCEC/SSCC).

ACCOUNTING POLICIES

1. General

The accounting statements that follow have been prepared in accordance with proper practices as required by the Accounts and Audit (Wales) Regulations 2005 (as amended).

2. Debtors and Creditors

The transactions of the Port Health Authority are recorded on an accruals basis. Where there is insufficient information available to provide actual figures, estimates are used although this element is not significant.

3. Support Services Costs

The Council makes recharges in respect of the cost of support services to the services that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Accounting Practice 2014/15 (SERCOP). This applies to support service recharges from the Council directorates to the Port Health Authority.

Cardiff Port Health Authority

Section 1 – Accounting statements for Cardiff Port Health Authority:

	Year ending		Notes and guidance for compilers
	31 March 2014 (£)	31 March 2015 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the Body's underlying financial records for the relevant year.
1. Balances brought forward	80,891	93,268	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to Line 7 of the previous year.
2. (+) Income from local taxation and/or levy	159,336	175,825	Total amount of local taxation, rates and/or levy received or receivable in the year including funding from a sponsoring body.
3. (+) Total other receipts	2,478	1,837	Total income or receipts as recorded in the cashbook less income from local taxation and/or levy (Line 2). Include any grants received here.
4. (-) Staff costs	113,215	108,011	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the Body's borrowing (if any).
6. (-) Total other payments	36,222	29,709	Total expenditure or payments as recorded in the cashbook minus staff costs (Line 4) and loan interest/capital repayments (Line 5).
7. (=) Balances carried forward	93,268	133,210	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
8. (+) Debtors and stock balances	0	72	Income and expenditure accounts only: Enter the value of debts owed to and stock balances held at the year-end.
9. (+) Total cash and investments	101,477	143,916	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	8,209	10,778	Income and expenditure accounts only: Enter the value of monies owed by the Body (except borrowing) at the year-end.
11. (=) Balances carried	93,268	133,210	Total balances should equal Line 7 above: Enter the total of (8+9-10).

Cardiff Port Health Authority

	Year ending			Notes and guidance for compilers			
	31 March 2014 (£)	31 March 2015 (£)		Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the Body's underlying financial records for the relevant year.			
forward							
12. Total fixed assets and long-term assets	0	0		The original Asset and Investment Register value of all fixed assets, plus other long-term assets owned by the Body as at 31 March.			
13. Total borrowing	0	0		The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).			
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
			N/A			N/A	

Section 2 – Annual Governance Statement

We acknowledge as the members of the Body, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Body's accounting statements for the year ended 31 March 2015, that:

	Agreed?		'YES' means that the Body:	PG Chap
	Yes	No*		
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and proper practices.	Yes		Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	Yes		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Body to conduct its business or on its finances.	Yes		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	Yes		Has given all persons interested the opportunity to inspect and ask questions about the Body's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes		Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the Body's accounting records and control systems throughout the year and have received a report from the internal auditor.	Yes		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	Yes		Has responded to matters brought to its attention by internal and external audit.	6, 8, 23
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or	Yes		Disclosed everything it should have about its business during the year	6

	Agreed?		'YES' means that the Body:	PG Chap	
	Yes	No*			
after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.			including events taking place after the year-end if relevant.		
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 			N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

Section 3 – Certification and approval

Approval and certification of the accounts and annual governance statement

The Body is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of an Annual Return which:

- summarises the Body's accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to the external auditor's responsibilities.

<p>Certification by the RFO</p> <p>Certificate under Regulation 15(1) Accounts and Audit (Wales) Regulations 2014</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Body, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2015.</p>	<p>Approval by the Body</p> <p>Approval of accounting statements under Regulation 15(2) Accounts and Audit (Wales) Regulations 2014 and the Annual Governance Statement</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Body under body minute reference:</p>
<p>RFO signature:</p>	<p>Chair signature:</p>
<p>Name: Christine Salter</p>	<p>Name:</p>
<p>Date: 24 September 2015</p>	<p>Date: 24 September 2015</p>

External Audit Certificate

The external auditor conducts the audit in accordance with guidance issued by the Auditor General for Wales.

On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met. We certify that we have completed the audit of the Annual Return for the year ended 31 March 2015 of Cardiff Port Health Authority:

External auditor's report

On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the Body/meeting are included in our report to the Body dated _____.

<p>External auditor's signature:</p>	
<p>For and on behalf of the Auditor General for Wales</p>	
<p>External auditor's name:</p>	<p>Date:</p>

STATEMENT OF ACCOUNTS

2014/15

OF

CARDIFF HARBOUR AUTHORITY

Introduction

This document presents the Statement of Accounts for Cardiff Harbour Authority. Section 42(1) of the Harbours Act 1964 sets out that statutory undertakings, such as local authorities that have functions of maintaining, improving or managing a harbour are required to prepare an annual statement of accounts relating to the harbour activities. These accounts have been prepared on an IFRS basis, in line with the requirements of the Companies Act 2006. Cardiff Harbour Authority is subsumed within the County Council of the City and County of Cardiff and is, therefore, not a company. As a result, this foreword is in place of the director's report required by the Companies Act 2006.

Agreement

By an Agreement dated 27 March 2000 made pursuant to and for the purposes of section 165 of the Local Government Planning and Land Act 1980 (as amended) the Council agreed to take responsibility for and to discharge the harbour authority undertaking and obligations in regard to the bay and the outer harbour under the terms of the Cardiff Bay Barrage Act 1983.

The Agreement has since been varied by the following Deeds of Variation:

- Dated 25 August 2006 and made between the National Assembly for Wales and the Council.
- Dated 27 March 2007 and made between the National Assembly for Wales and the Council.
- Dated 15 September 2009 and made between the Welsh Ministers and the Council.
- Dated 5 April 2011 and made between the Welsh Ministers and the Council.
- Dated 3 April 2014 and made between the Welsh Ministers and the Council.

Review of the Financial Year

A new three year budget was agreed with the Welsh Ministers covering the period 2014/15 to 2016/17. The revised budget for 2014/15 was set at £6.397 million which represented a reduction of almost £1.2 million on the previous year. This has increased the level of financial risk to the Council as any unforeseen costs have to be absorbed within the agreed fixed cost budget unless there are qualifications within the agreement. The funding reduction was planned to be achieved through a combination of staffing reductions, efficiency savings and increased income generation.

An additional claim for £12,000 was made during the year to cover costs associated with employee voluntary severance costs and a further amount of £280,000 was received in respect of the share of previous years underspend against the fixed cost budget. This increased the budget allocation to £6.689 million.

The financial deficit for the year ended 31 March 2015, prior to the transfer of amounts to the Project & Contingency Fund, was £2.425 million (£3.351 million in 2013/14).

Total Capital Expenditure incurred and funded by Harbour Grant during the year was £324,000. This forms part of a three year programme to 2016/17 for works at the harbour, barrage and surrounding environmental infrastructure. Works included in the programme are: Barrage replacement parts and accessories, midlife refit of harbour equipment, public realm improvements and replacement of water quality monitoring equipment.

Key Achievements

During 2014-15 Cardiff Harbour Authority continued to work hard to meet its statutory obligations. The achievements against the Harbour Authority action plan and performance indicators are reported quarterly to the Welsh Government and are highlighted below:

- Operated and delivered the business plan within a significantly reduced budget.
- The largest live multi agency emergency response exercise in Wales took place on 2 April 2014 to test the updated Agreement regarding the co-ordination of Search and Rescue.
- A record number of commercial operators are now licenced and supported by Cardiff Harbour Authority numbering thirteen, operating between them twenty one vessels carrying 170,000 plus passengers.
- Improvements to the recycling facility on the Environment Quay were undertaken.
- The third Extreme Sailing Series event was successfully delivered between the 22 and 25 August 2014 as part of Cardiff Harbour Festival, with the highest number of teams racing to date. Approximately 90,000 attendees reported over the weekend.
- Implementation of 5S system in engineering storage areas.
- Sponsorship agreements have been secured with four hotels
- P1 Powerboat was successfully delivered during the same weekend as the 'Beach' opening weekend and attracted approximately 35,000 attendees to Cardiff Bay.

Statement of Responsibilities for the Financial Statements and Corporate Director Resources Certificate

The Corporate Director Resources responsibilities

The Corporate Director Resources is responsible for the preparation of the Statement of Accounts in accordance with the requirements of the Harbours Act 1964.

In preparing these financial statements, the Corporate Director Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the requirements of the Harbours Act 1964.

The Corporate Director Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Corporate Director Resources Certificate

The financial statements for the Cardiff Harbour Authority give a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Christine Salter
Corporate Director Resources

Date:

Annual Governance Statement

The Cardiff Harbour Authority is not a separate entity to the Council and the financial transactions and systems, governance and controls of the Cardiff Harbour Authority are integrated into those of the Council. For reference, the Annual Governance Statement can be found with the Statement of Accounts for the Council. The financial statements that follow are an extract from the accounts of the County Council of the City and County of Cardiff, where such transactions can be identified separately without significant cost. The extract has been amended to remove those entries required by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 that are not recognised by International Financial Reporting Standards.

Accounting policies

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Harbour Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). A number of the accounting policies used in preparing these accounts, along with any critical assumptions and sources of estimation used are the same as those for the accounts of the Council. Whilst these are not replicated in full, the key policies applied are below:-

Accounting policies used when formulating the accounts

1. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when the cash payments are made or received. Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

2. Employee Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Harbour Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to expenditure.

3. Grants - Revenue

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised when:

- the Harbour Authority will comply with the conditions for their receipt.
- there is reasonable assurance that the grant or contribution will be received.

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not been yet been satisfied are carried in the Balance Sheet as Revenue Grants receipts in advance. When conditions have been satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement. Where there is no reasonable assurance that the conditions will be met, any cash received will not be recognised as a receipt of grant monies but as a repayment due to the awarding body. The cash received is held on the Balance Sheet as a liability.

4. Grants and Contributions – Capital

Grants and contributions that are applied in the year to fund capital schemes are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement.

5. Inventories

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as an expense in the Comprehensive Income and Expenditure Statement.

6. Operating Leases

Payments for operating leases are charged to the relevant service revenue account on an accruals basis. The charges are made evenly throughout the period of the lease.

7. Overheads and Support Services Costs

The Council makes recharges in respect of the cost of support services to the Cardiff Harbour Authority. The total absorption costing principle is used so that the full cost of overheads and support services are shared between users in proportion to the benefits received.

8. Property, Plant, Equipment, Community and Heritage Assets

Assets that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

Recognition:

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset. This together with a 3-year rolling programme of revaluations ensures that the values of land and buildings carried in the accounts are not materially misstated and ensures a sustainable cost/ benefit approach to valuation and accounting for capital expenditure on land and buildings in the year.

The Council recognises heritage assets where it may have incurred separately identifiable expenditure on their acquisition or preservation at historic cost or where it has information on the value of the asset.

Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use. The Council does not capitalise borrowing costs.

These assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets – depreciated historical cost. Balance sheet values reflect historic expenditure incurred on such assets from a point in time. Accordingly the balance sheet does not represent the true value and size of infrastructure assets. This is likely to change in future years,
- Community Assets and Assets under Construction are included in the Balance Sheet at historic cost.
- Heritage Assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs.

Revaluation:

Assets included in the Balance Sheet at fair value are revalued as part of a three year rolling programme.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation.

Charges to Revenue for Non-Current Assets:

Services are debited with the following amounts to record the cost of holding assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

The Harbour Authority does not receive grant for depreciation or any other accounting adjustments for non-current assets.

Impairment and Downward Revaluation:

Assets are assessed at each year-end as to whether there is any indication that an asset may be reduced in value, either due to a reduction in service potential (impairment) or general market fluctuations (downward revaluation). Where either type of loss is identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, heritage and community assets) as well as assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset category	Initial Useful Life in years
Intangible Assets	5
Land	n/a
Buildings	53-70
Vehicles, Plant, Furniture and Equipment	7
Infrastructure **	10-120
Community Assets, Investment Properties, Heritage Assets, Surplus Assets and Assets Held for Sale	n/a

** Included within Infrastructure is the Cardiff Bay Barrage which is being depreciated over the design life of 120 years.

9. Reserves

The Harbour Authority holds one usable reserve. It is used to hold accumulated operational surpluses which can be used to fund future expenditure commitments and as a contingency against unforeseen events. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Harbour Authority.

10. Value Added Tax

The Harbour Authority does not have a separate VAT registration to the Council and, apart from certain cases where the Harbour Authority funds supplies of goods or services to other persons or organisations, the Harbour Authority is reimbursed for VAT. The revenue accounts have, therefore, been prepared exclusive of this tax.

Guide to the Financial Statements

Comprehensive Income and Expenditure account

This statement shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices.

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Harbour Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves comprise both those reserves that may be used to provide services and those that the Authority is not able to use to provide services. Reserves also include those that hold unrealised gains and losses.

Cashflow Statement

A cashflow statement has not been provided, in accordance with Section 396 of the Companies Act 2006. Information in relation to the cashflows of the Harbour Authority can be found within the Council's Statement of Accounts.

Notes to the Core Financial Statements

These notes provide any further analysis required to explain those figures contained in the financial statements.

Comprehensive Income and Expenditure Account for the year ended 31 March 2015

2013/14 £000		2014/15 £000
	Income	
(8,659)	Government Grants	(6,044)
0	Grants Relating to Previous Years	(280)
(227)	Capital Grants Applied	(324)
(898)	Fees and Charges	(884)
(9,784)	Total Income	(7,532)
	Expenditure	
3,192	Employees	2,664
2,500	Premises	1,298
86	Transport	73
1,891	Supplies and Services	2,269
973	Support Services	628
4,489	Depreciation	3,029
13,131	Total Expenditure	9,961
3,347	Net Expenditure for the year	2,429

Balance Sheet as at 31 March 2015

31 March 2014 £000		Note Ref	31 March 2015 £000
	<u>Property, plant and equipment</u>		
7,571	Land and Buildings	2	7,532
255	Vehicles, Plant, Furniture & Equipment	2	338
165,903	Infrastructure	2	163,218
1,103	Community Assets	2	1,103
475	Surplus Assets	2	475
175,307			172,666
56	Heritage Assets	2	56
191	Intangible Assets	2	128
175,554	Long-term assets		172,850
1,113	Stocks and Work in Progress	5	485
951	Debtors	3	537
910	Cash		1,986
2,974	Current assets		3,008
(2,591)	Creditors	4	(2,424)
(2,591)	Current liabilities		(2,424)
175,937	Net assets		173,434
	Reserves:		
171,004	General Reserve	1	168,501
4,933	Revaluation Reserve	1	4,933
175,937	Total Reserves		173,434

Notes to the Core Financial Statements

1. Reserves

2014/15	General Reserve £000	Revaluation Reserve £000
Balance at 1 April 2014	171,004	4,933
Surplus/(Deficit) for the year	(2,429)	0
Transfer from reserve to fund City of Cardiff Council expenditure	(74)	0
Closing Balance at 31 March 2015	168,501	4,933

Comparative movements for 2013/14:

2013/14	General Reserve £000	Revaluation Reserve £000
Balance at 1 April 2013	174,766	4,933
Surplus/(Deficit) for the year	(3,347)	0
Use of reserve to fund capital expenditure	(415)	0
Closing Balance at 31 March 2014	171,004	4,933

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £0.697m in 2014/15 (£0.491m).

2. Movements in Property, Plant, Equipment & Other Long Term Assets

Long term assets are primarily Property, Plant and Equipment, with movements analysed in the table that follows.

2014/15	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Cost or Valuation								
At 1 April 2014	7,759	1,057	218,409	1,103	475	228,803	56	319
Additions	15	155	154	0	0	324	0	0
Derecognition - disposals	0	(708)	0	0	0	(708)	0	0
At 31 March 2015	7,774	504	218,563	1,103	475	228,419	56	319
Depreciation								
At 1 April 2014	188	802	52,506	0	0	53,496	0	128

Cardiff Harbour Authority

2014/15	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Depreciation charge	54	72	2,839	0	0	2,965	0	64
Derecognition - disposals	0	(708)	0	0	0	(708)	0	0
At 31 March 2015	242	166	55,345	0	0	55,753	0	192
Net Book Value:								
At 31 March 2015	7,532	338	163,218	1,103	475	172,666	56	127
At 31 March 2014	7,571	255	165,903	1,103	475	175,307	56	191

Comparative movements for 2013/14:

2013/14	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Cost or Valuation								
At 1 April 2013	7,937	864	218,376	1,103	475	228,755	56	319
Additions	0	193	34	0	0	227	0	0
Derecognition - disposals	0	0	0	0	0	0	0	0
At 31 March 2014	7,937	1,057	218,410	1,103	475	228,982	56	319
Depreciation								
At 1 April 2013	313	753	48,185	0	0	49,251	0	64
Depreciation charge	53	49	4,322	0	0	4,424	0	64
Derecognition - disposals	0	0	0	0	0	0	0	0
At 31 March 2014	366	802	52,507	0	0	53,675	0	128
Net Book Value:								
At 31 March 2014	7,571	255	165,903	1,103	475	175,307	56	191
At 31 March 2013	7,624	111	170,191	1,103	475	179,474	56	255

3. Debtors

	2013/14 £000	2014/15 £000
Central Government Bodies	923	513
Trade Receivables	28	24
Total	951	537

4. Creditors

	2013/14 £000	2014/15 £000
Central Government Bodies	(1,645)	(2,001)
Trade Payables	(946)	(423)
Total	(2,591)	(2,424)

5. Stock

Movements in stock during the financial year are as follows:

	2013/14 £000	2014/15 £000
At 1 April 2014	1,111	1,113
Stock transferred from CI&E	2	0
Stock written off to the CI&E	0	(628)
Balance carried forward	1,113	485

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Summary of accounts 2014/15

Income and Expenditure

The Income & Expenditure Account below presents the cost of running Council Services for the 2014/15 financial year. It also shows where the money came from to finance these costs. The Service Expenditure analysis section has been provided as prescribed by CIPFA and the accounts are presented in the formats as required by the code of practice.

Council Tax:

Council Tax is collected by the Council and where applicable includes precepts for the police and community councils. These precepts are then passed onto the relevant bodies.

Band D Council Tax	£
Cardiff Council	973.77
Police & Crime Commissioner for South Wales	190.34
Total	1,164.11

Net Proceeds from Council Tax	£000
Council Tax Collectible	165,499
Provision for Non-Payment	(779)
Total	164,720

Total Council Tax income accounts for just over a quarter of the Council's net expenditure

At the end of March 2015 the provision for bad debt relating to council tax was £5.6m

The council collection for 2014/15 was 97.0%

Non-Domestic Rates:

Non-Domestic Rates (NDR) are taxes levied based on the value of buildings used in business or for non-domestic purposes. The rates are set by the Welsh Government but collected by the Council. The funds are collected in one pool and redistributed to Councils on the basis of adult population.

Non-Domestic Rates collectable	178,500
Cost of collection allowance	(8,700)
Provision for non payment of NDR	(4,300)
Payment into national pool	173,300
Redistribution from national pool	(109,600)

The Welsh Government 2014/15 NDR rate is 47.3p per pound of the business' rateable value

The net NDR collected by Cardiff for 14/15 totalled £173m. Cardiff received £110m after redistribution

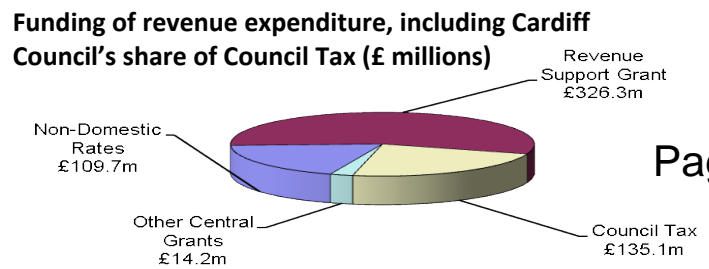
The majority 53% of total income for the year 2014/15 received through Grants from the Welsh Government

Income and Expenditure	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central Services to the Public	51,249	(17,958)	33,291
Cultural & Related Services	58,205	(27,886)	30,319
Environmental & Regulatory Services	58,066	(23,779)	34,287
Planning Services	20,081	(19,905)	176
Children's and Education Services	404,850	(98,971)	305,879
Highways & Transport Services	64,252	(19,387)	44,865
Housing Revenue Account	69,971	(65,231)	4,740
Housing Services (General Fund)	181,640	(175,755)	5,885
Adult Social Care	127,857	(25,777)	102,080
Corporate & Democratic Core	9,982	(2,004)	7,978
Non-Distributed Costs	3,405	323	3,728
Net Cost of Services	1,049,558	(476,330)	573,228
South Wales Police Authority Precept	26,411	0	26,411
Community Council Precepts	256	0	256
Levies & Contributions	16,984	0	16,984
(Gain)/loss on sale of fixed assets	1,586	(5,774)	(4,188)
Other Operating Expenditure	45,237	(5,774)	39,463
Interest Payable on debt	24,616	0	24,616
Pensions Interest cost	19,416	0	19,416
Interest & Investment Income	0	(1,091)	(1,091)
Change in fair value of Investment Properties	6,161	(12,391)	(6,230)
Financing /Investment Income & Expenditure	50,193	(13,482)	36,711
Recognised Capital Grants & Contributions	0	(28,165)	(28,165)
Revenue Support Grant	0	(326,291)	(326,291)
Non-Domestic Rates	0	(109,695)	(109,695)
Council Tax Income	779	(165,499)	(164,720)
Other Central Grants	0	(13,608)	(13,608)
Taxation & Non-Specific Grant Income	779	(643,258)	(642,479)
Deficit on Provision of Services			6,923
Revaluation Gains			(937)
Revaluation Losses			2,844
Impairment losses on non-current assets charged to the Revaluation Reserve			412
Deficit on revaluation of available for sale financial assets			2,211
Actuarial (gains)/losses on pension assets/liabilities			51,492
Other Comprehensive Income & Expenditure			56,022
Total Comprehensive Income & Expenditure			62,945

Balance Sheet		£000	£000	Movement on Council Fund Balance		£000
Property Plant & Equipment			1,882,336	Surplus or (deficit) on the provision of		(11,619)
Long-term Investments		17,316		Services (exc. Housing Revenue Account)		
Long-term Debtors		2,790		Other Comprehensive Income and		0
			20,106	Expenditure		
Total Long Term Assets			1,902,442	Adjustments between accounting basis &		16,625
				funding basis under regulations		
Short-term Investments		42,185		Transfers to/(from) Earmarked Reserves		(3,265)
Assets held for Sale		3,040		Other Movements in Reserves		0
Inventories		2,109		Increase/(Decrease) in 2014/15		1,741
Short-term Debtors		90,982		Balance at 31 March 2014 carried forward		11,413
Cash and Cash Equivalents		23,137		Balance at 31 March 2015 carried forward		13,154
Total Current Assets			161,453			
Short Term Borrowing	(12,964)					
Short Term Creditors	(94,801)					
Pension Strain	(2,830)					
Provisions	(9,011)					
Deferred Liabilities	(1,024)					
Total Current Liabilities			(120,630)			
Long Term Borrowing	(464,808)					
Provisions	(31,399)					
Deferred Liabilities	(7,217)					
Capital Contributions Receipts in Advance	(10,095)					
Revenue Grants Receipts in Advance	(3,734)					
Capital Grants Receipts in Advance	(2,160)					
Pensions Strain	(6,252)					
Net Pensions Liability	(539,786)					
Total Long Term Liabilities			(1,065,451)			
NET ASSETS			877,814			
Financed by:						
Council Fund Balance		13,154				
Council Fund Earmarked Reserves		33,824				
Housing Revenue Account Balance		8,438				
HRA Earmarked Reserves		238				
Capital Receipts Reserve		1,336				
Usable Reserves			56,990			
Revaluation Reserve		201,371				
Capital Adjustment Account		1,164,708				
Deferred Capital Receipts		87				
Available for Sale Financial Instruments Reserve		13,563				
Financial Instruments Adjustment Account		(2,367)				
Pensions Reserve		(548,868)				
Accumulated Absences Adjustment Account		(7,670)				
Unusable Reserves			820,824			
TOTAL RESERVES			877,814			

The Council Fund	Earmarked	Earmarked Reserves
Balance of	Reserves for 14/15	are sums of money put
£13.154m	totalled £34.062m,	aside for specific uses.
represents	including £5.958m	A detailed list can be
accumulated	of Schools Reserves	found in the full
surpluses retained		Statement of Accounts
by Cardiff Council		

Housing Revenue Account		£000
Income		
Dwelling rents		(58,586)
Non-dwelling rents		(67)
Charges for services and facilities		(6,578)
Total Income		(65,231)
Expenditure		
Repairs and maintenance		20,739
Supervision and management		17,833
Rents, rates, taxes and other charges		128
Housing Revenue Account subsidy payable		14,464
Provision for bad and doubtful debts		523
Depreciation and impairment of non-current assets		15,899
Sums directed by the Welsh Government (expenditure)		353
Debt management costs		32
Total Expenditure		69,971
HRA Services' share of Corporate and Democratic Core		42
Net Cost for HRA Services		4,782
HRA share of the operating income and expenditure		
(Gain)/loss on sale of HRA non-current assets		(2,819)
Interest payable and similar charges		4,806
Changes in fair value of investment properties		80
Interest and Investment income		(65)
Capital Grants and Contributions applied		(11,480)
Surplus for year on HRA services		(4,696)
Balance on HRA at end of previous year		8,124
Surplus for year on HRA services		4,696
Adjustments between accounting basis and funding basis under regulations and reserves		(4,828)
Transfers to/from Reserves		446
Net increase in the year on the HRA		314



Balance on HRA at end of current year

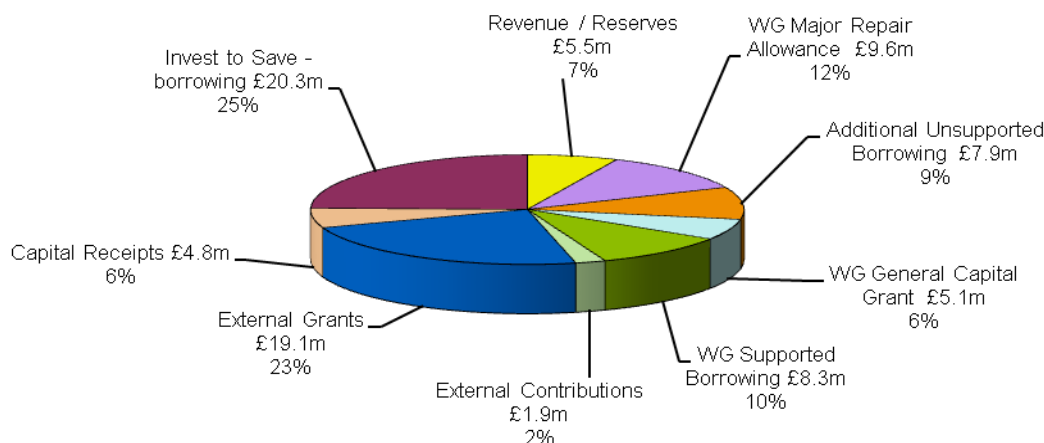
8,438

Capital Expenditure:

Capital expenditure represents money spent on improving, acquiring and enhancing assets that are used in the provision of services as well as a number of items determined by legislation. Capital expenditure during the year totalled £82.5 million, with the main items of expenditure described in the table below:

		£m
Housing & Neighbourhood Renewal/Citizen Hubs	Improvements to public housing, local shopping parades and disabled adaptations. Development of citizen hubs at various locations.	27.2
Education & Lifelong Learning	Significant investment in property renewal, predominantly in relation to new and refurbished schools.	24.8
Highways & Transportation	Road resurfacing, drainage, street lighting, road safety, public transport and energy efficiency improvements. Implementation of the cycle strategy and moving traffic offences.	15.9
Economic Development	Development in respect of the Cardiff Enterprise Zone and investment in superfast broadband and public WIFI.	6.0
Other	Includes loans, grants and equity to businesses, improving IT systems and Waste Management.	8.6

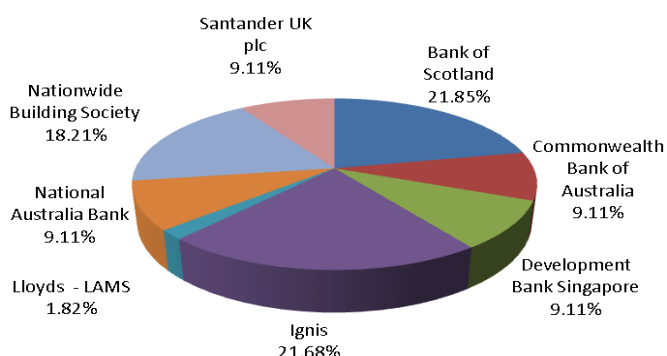
Funding of Capital Expenditure



Treasury Management:

The Council follows the CIPFA Treasury Management Code of Practice and is compliant with the Prudential Code of Capital Finance in Local Authorities. Investments of £54.9m are deposited for various maturities with Financial Institutions.

Investments by Institution



Borrowing

	Principal (£m)	Average Rate (%)	Average Life (years)
Public Work Loan Boards	418.1	5.33	28.42
Market and WG	52.4	4.10	45.35
Total Fixed Debt	470.5	5.19	30.31

'The information contained in this summary was extracted from the 2014/15 Statement of Accounts of Cardiff Council. A full version is available upon request from Projects and Technical Accountancy, County Hall, Atlantic Wharf, Cardiff CF10 4UW'

Cryondeb cyfrifon 2014/15

Incwm a Gwariant

Mae'r Cyfrif Incwm a Gwariant isod yn dangos cost gweithredu Gwasanaethau'r Cyngor ym mlwyddyn ariannol 2014/15. Mae hefyd yn dangos o ble y daeth yr arian i ariannu'r costau hyn. Mae'r adran dadansoddi Gwariant Gwasanaethau wedi ei darparu yn ôl gofynion CIPFA a chyflwynir y cyfrifon yn y fformatau y gofynnir amdanynt yn y cod ymarfer.

Y Dreth Gyngor:

Cesglir y Dreth Gyngor gan y Cyngor a lle y bo'n gymwys mae'n cynnwys taliad tuag at wasanaethau heddlu a chynghorau cymuned. Trosglwyddir y taliadau hyn wedyn i'r cyrff perthnasol.

Band D y Dreth Gyngor

Cyngor Caerdydd	£ 973.77
Comisiynydd Heddlu a Throseddau De Cymru	190.34
Cyfanswm	1,164.11

Enillion net o'r Dreth Gyngor

Y Dreth Gyngor gasgladwy	£000 165,499
Darpariaeth ar gyfer Symiau na Theilir	(779)
Cyfanswm	164,720

Mae cyfanswm incwm y Dreth Gyngor ychydig dros chwarter o wariant net y Cyngor

Ar ddiwedd Mawrth 2015 roedd y ddarpariaeth ar gyfer dyledion y Dreth Gyngor yn £5.6m

97.0% o cyfradd gwybodaeth Dreth Gyngor 2014/15

Ardrethi Annomestig:

Trethi a godir ar sail gwerth adeiladau a ddefnyddir at ddibenion busnes neu annomestig yw Ardrethi Annomestig (ArAn). Gosodir y trethi hyn gan Lywodraeth Cymru ond fe'u cesglir gan y Cyngor. Cesglir yr arian mewn un gronfa ac fe'i hail-ddosberthir i Gynghorau ar sail y boblogaeth oedolion.

Ardrethi Annomestig casgladwy	£0 178,500
Cost lwfans casglu	(8,300)
Darpariaeth ar gyfer ArAn nas telir	(4,300)
Taliad i'r gronfa genedlaethol	173,300
Aiddosbarthu o'r gronfa genedlaethol	(109,600)

47.3c y bunt o werth trethadwy busnes yw cyfradd ArAn Llywodraeth Cymru yn 2014/15

Cyfanswm yr ArAn a gasglwyd gan Gaerdydd yn 14/15 oedd £173m. Derbyniodd Caerdydd £110m ar ôl yr aiddosbarthu.

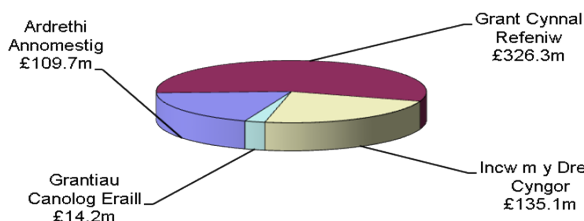
Derbyniwyd rhan fwyaf 53% o gyfanswm incwm 2014/15 - drwy Grantiau gan Lywodraeth Cymru.

Incwm a Gwariant

	Gros Gwariant £000	Gros Incwm £000	Net Gwariant £000
Gwasanaethau Canolog i'r Cyhoedd	51,249	(17,958)	33,291
Gwasanaethau Diwylliannol a Chysylltiedig	58,205	(27,886)	30,319
Gwasanaethau Amgylcheddol a Rheoleiddio	58,066	(23,779)	34,287
Gwasanaethau Cynllunio	20,081	(19,905)	176
Gwasanaethau Plant ac Addysg	404,850	(98,971)	305,879
Gwasanaethau Prifffyrdd a Thrafnidiaeth	64,252	(19,387)	44,865
Cyfrif Refeniw Tai	69,971	(65,231)	4,740
Gwasanaethau Tai (Cronfa Gyffredinol)	181,640	(175,755)	5,885
Gofal Cymdeithasol i Oedolion	127,857	(25,777)	102,080
Craidd Corfforaethol a Democraidaidd	9,982	(2,004)	7,978
Costau Heb eu Dosbarthu	3,405	323	3,728
Cost Net Gwasanaethau	1,049,558	(476,330)	573,228
Taliad Awdurdod Heddlu De Cymru	26,411	0	26,411
Taliadau Cynghorau Cymuned	256	0	256
Ardollau a Chyfraniadau (Enillion)/colledion ar werthu asedau sefydlog	16,984	0	16,984
	1,586	(5,774)	(4,188)
Gwariant Gweithredol Arall	45,237	(5,774)	39,463
Llog yn daladwy ar ddyled	24,616	0	24,616
Cost Llog Pensiynau	19,416	0	19,416
Incwm o Log a Buddsoddiad Newid yng ngwerth teg Eiddo Buddsoddi	0	(1,091)	(1,091)
	6,161	(12,391)	(6,230)
Incwm a Gwariant Cyllid/Buddsoddi	50,193	(13,482)	36,711
Grantiau a Chyfraniadau Cyfalaf a Gydabyddir	0	(28,165)	(28,165)
Grant Cynnal Refeniw	0	(326,291)	(326,291)
Ardrethi Annomestig	0	(109,695)	(109,695)
Incwm y Dreth Gyngor	779	(165,499)	(164,720)
Grantiau Canolog eraill	0	(13,608)	(13,608)
Incwm o Drethi a Grantiau Amhenodol	779	(643,258)	(642,479)
Diffyg Ariannol o Ddarparu Gwasanaethau			6,923
Enillion o Ailwerthuso			(937)
Colledion o Ailwerthuso			2,844
Amhariad ar asedau nad ydynt yn gyfredol a godir ar y Gronfa Ailwerthuso			412
Colled ar ail-werthuso asedau ariannol sydd ar gael i'w gwerthu			2,211
Enillion/colledion ar asedau/rhwymedigaethau pensiwn			51,492
Incwm a Gwariant Cyfunol Arall			56,022
Cyfanswm Incwm a Gwariant Cyfunol			62,945

Cyfriflen	£000	£000
Eiddo, Peiriannau ac Offer		1,882,336
Buddsoddiadau Hirdymor	17,316	
Dyledwyr Hirdymor	2,790	
		20,106
Cyfanswm Asedau Hirdymor		1,902,442
Buddsoddiadau byrdymor	42,185	
Asedau yn cael eu dal i'w Gwerthu	3,040	
Stocrestrau	2,109	
Dyledwyr Byrdymor	90,982	
Arian Parod a Symiau Cyfwerth ag		
Arian Parod	23,137	
Cyfanswm Asedau Cyfredol		161,453
Benthyciadau Byrdymor	(12,964)	
Credydwyr Byrdymor	(94,801)	
Straen Pensiwn	(2,830)	
Darpariaethau	(9,011)	
Rhwymedigaethau wedi eu gohirio	(1,024)	
Cyfanswm Rhwymedigaethau Cyfredol		(120,630)
Benthyciadau Hirdymor	(464,808)	
Darpariaethau	(31,399)	
Rhwymedigaethau wedi eu gohirio	(7,217)	
Derbyniadau Cyfraniadau Cyfalaf Rhag Blaen	(10,095)	
Derbyniadau Grantiau Refeniw Rhag Blaen	(3,734)	
Derbyniadau Grantiau Cyfalaf Rhag Blaen	(2,160)	
Straen Pensiwn	(6,252)	
Rhwymedigaeth Pensiynau Net	(539,786)	
Cyfanswm Rhwymedigaethau Hirdymor		(1,065,451)
ASEDAU NET		877,814
Wedi eu cyllido gan:		
Balans Cronfa'r Cyngor	13,154	
Cronfeydd Wrth Gefn y Cyngor wedi'u Clustnodi	33,824	
Balans Cyfrif Refeniw Tai	8,438	
Cronfeydd Wrth Gefn y Cyfrif Refeniw Tai	238	
Cronfa Derbyniadau Cyfalaf Wrth Gefn	1,336	
Cronfeydd Wrth Gefn Defnyddiadwy		56,990
Cronfa Ailwerthuso Wrth Gefn	201,371	
Cyfrif Addasu Cyfalaf	1,164,708	
Derbyniadau Cyfalaf wedi'u Gohirio	87	
Cronfa Wrth Gefn Offerynnau	13,563	
Ariannol y gellir eu gwerthu		
Cyfrif Addasu Offerynnau Ariannol	(2,367)	
Pensiynau Wrth Gefn	(548,868)	
Cyfrif Addasu Absenoldebau	(7,670)	
Cronedig		
Cronfeydd Wrth Gefn na ellir eu defnyddio		820,824
CYFANSWM WRTH GEFN		877,814

Ffynone llau Incwm yn y gyllideb (£ miliwn)



Newidiadau ym Malans Cronfa'r Cyngor	£000
Gwarged neu (ddiffyg) yn y ddarpariaeth Gwasanaethau (ddim yn cynnwys y Cyfrif Refeniw Tai)	(11,619)
Incwm a Gwariant Cyfunol Arall	0
Addasiadau rhwng sail cyfrifo a sail cyllido o dan reoleiddiadau	16,625
Trosglwyddiadau i/(o) Gronfeydd Wrth Gefn wedi'u Clustnodi	(3,265)
Newidiadau Eraill Mewn Cronfeydd Wrth Gefn	0
Cynnydd/(Lleihad) yn 2014/15	1,741
Balans a ddygwyd ymlaen fel yr oedd ar 31 Mawrth 2014	11,413
Balans a ddygwyd ymlaen fel yr oedd ar 31 Mawrth 2015	13,154

Mae Balans Cronfa'r Cyngor o £13.154m yn cynrychioli gwargedau cronnoel a gedwir gan Gyngor Caerdydd	Cronfeydd Wrth Gefn ar gyfer 14/15 gwerth cyfanswm o £34.062m, gan gynnwys £5.958m o Gronfeydd Wrth Gefn Ysgolion	Mae Cronfeydd Wrth Gefn a glustnodwyd yn symiau o arian a roddir i un ochr at ddefnyddiau penodol. Ceir rhestr fanwl yn y Datganiad Cyfrifon llawn
------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------

Cyfrif Refeniw Tai	£000
Incwm	
Rhenti preswyl	(58,586)
Rhenti amhreswyl	(67)
Taliadau gwasanaethau a chyfleusterau	(6,578)
Cyfanswm Incwm Gwariant	(65,231)
Atgyweiriadau a gwaith cynnal a chadw	20,739
Goruchwyllo a rheoli	17,833
Rhenti, ardollau, trethi a thaliadau eraill	128
Cymhorthdal Cyfrif Refeniw Tai sy'n daladwy	14,464
Darpariaeth ar gyfer dyledion gwael a dyledion a amheuir	523
Dibrisiad a difrod i asedau nad ydynt yn gyfredol	15,899
Symiau wedi'u cyfeirio gan Lywodraeth Cymru (gwariant)	353
Costau rheoli dyledion	32
Cyfanswm Gwariant	69,971
Cyfran Gwasanaethau Cyfrif Refeniw Tai o'r Craidd Corfforaethol a Democraataidd	42
Cost Net Gwasanaethau'r Cyfrif Refeniw Tai	4,782
Cyfran y Cyfrif Refeniw Tai o'r incwm a gwariant gweithredol (Enillion)/colledion ar werthiant asedau anghyfredol y Cyfrif Refeniw Tai	(2,819)
Llog yn daladwy a thaliadau tebyg	4,806
Newidiadau yng ngwerth teg eiddo buddsoddi	80
Incwm o Log a Buddsoddiad	(65)
Grantiau a Chyfraniadau Cyfalaf wedi'u cymhwyso	(11,480)
Gwarged ar wasanaethau'r Cyfrif Refeniw Tai am y flwyddyn	(4,696)

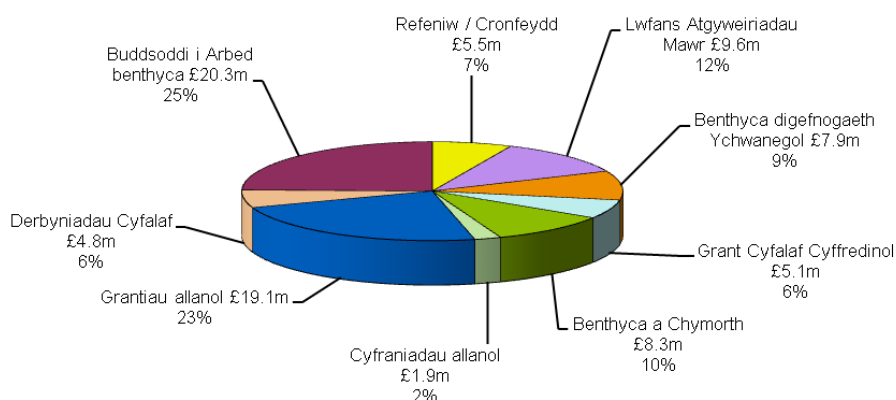
Balans ar y Cyfrif Refeniw Tai ar ddiwedd y flwyddyn flaenorol	8,124
Gwarged ar wasanaethau'r Cyfrif Refeniw Tai am y flwyddyn	4,696
Addasiadau rhwng sail cyfrifo a sail cyllido o dan reoleiddiadau a chronfeydd wrth gefn	(4,828)
Trosglwyddiadau i/o gronfeydd wrth gefn	446
Cynnydd net ar y Cyfrif Refeniw Tai yn ystod y flwyddyn	314
Balans ar y Cyfrif Refeniw Tai ar ddiwedd y flwyddyn gyfredol	8,438

Gwariant Cyfalaf:

Arian sy'n cael ei wario ar wella, caffael a diwygio asedau a ddefnyddir wrth ddarparu gwasanaethau yw Gwariant Cyfalaf. Mae hefyd yn cynnwys nifer o eitemau a bennir gan ddeddfwriaeth. Roedd y gwariant cyfalaf yn dod i gyfanswm o £82.5 miliwn, ac yn cynnwys y prif eitemau gwariant canlynol:

		£m
Tai ac Adnewyddu Cymdogaethau/Hybiau Dinasyddion	Gwelliannau i dai cyhoeddus, paredau siopa lleol ac addasiadau i bobl anabl. Datblygu hybiau dinasyddion mewn lleoliadau amrywiol.	27.2
Addysg a Dysgu Gydol Oes	Buddsoddiad sylweddol mewn adnewyddu eiddo, yn bennaf yn ymwneud ag ysgolion newydd ac ysgolion sy'n cael eu moderneiddio.	24.8
Prifffyrdd a Thrafnidiaeth	Gwelliannau o ran gosod arwynebau newydd, draeniau, goleuadau stryd, diogelwch ar y ffyrdd, trafndiaeth gyhoeddus ac effeithlonrwydd ynni. Gweithredu'r strategaeth feicio a throseddau traffig sy'n symud.	15.9
Datblygu Economaidd	Datblygiadau mewn perthynas ag Ardal Fenter Caerdydd a buddsoddiad mewn band eang cyflym iawn a Wi-Fi cyhoeddus.	6.0
Arall	Yn cynnwys benthyciadau, grantiau ac ecwiti i fusnes, gwella systemau a Rheoli Gwastraff.	8.6

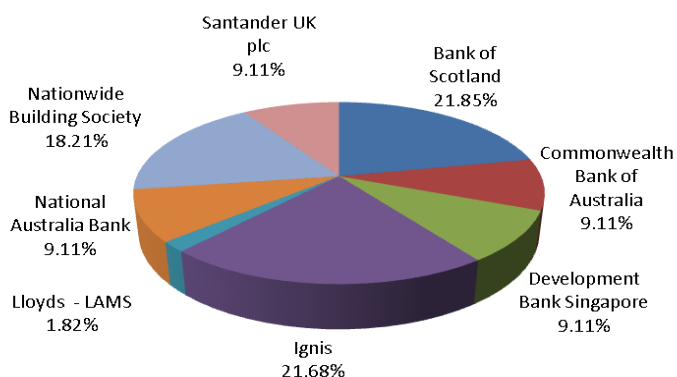
Ariannu o Wariant Cyfalaf



Rheoli'r Trysorlys:

Mae'r Cyngor yn dilyn Cod Ymddygiad Rheoli Trysorlys y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifeg (CIPFA) ac yn cydymffurfio â Chod Cyngorus Cyllid Cyfalaf Awdurdodau Lleol. Mae buddsoddiadau o £54.9m yn cael eu hadneuo am aeddfedrwydd amrywiol gyda Sefydliadau Ariannol.

Buddsoddiadau yn ôl Sefydliad



Benthycia

	Prif (£m)	Cyfradd gyfartalog (%)	Oes gyfartalog (blynnyddoedd)
Byrddau			
Benthyciadau Gwaith Cyhoeddus	418.1	5.33	28.42
Marchnad a LIC	52.4	4.10	45.35
Cyfanswm Dyled Sefydlog	470.5	5.19	30.31

Tynnwyd y wybodaeth sydd yn y crynodeb hwn o Ddatganiad Cofnodion 2014/15 Cyngor Caerdydd. Mae fersiwn lawn ar gael ar gais gan Cyfrifeg Projectau a Thechnegol, Neuadd y Sir, Glanfa'r Iwerydd, Caerdydd, CF10 4UW.

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Audit of Financial Statements Report

The City of Cardiff Council

Audit year: 2014-15

Issued: September 2015

Document reference: 495A2015

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	4
Independence and objectivity	6

Appendices

Final Letter of Representation	7
Proposed audit report of the Auditor General to the Members of the City of Cardiff Council	10
Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance	13

Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the City of Cardiff Council (the Council) at 31 March 2015 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative level at which we judge such misstatements to be material for the Council's accounts is £11,402,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, for example, the remuneration note.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2014-15, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2015 on 15 June, in line with the agreed deadline, and have now substantially completed the audit work.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

10. There are no non-trivial misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

11. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

12. In the course of the audit, we consider a number of matters both quantitative and qualitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
- **The Council has incorrectly capitalised some revenue expenditure on council dwellings in the statement of accounts:** From our testing of council dwelling capital additions we identified that revenue expenditure had been incorrectly capitalised in the accounts. We requested additional information to assess the potential implications for the accounts. Based on further work we have concluded that although significant (a potential error of £5.1 million extrapolated across the total population) the potential misstatement is not material to the accounts and does not therefore require amendment. However, it is important that improvements to the processes in place for identifying and capitalising relevant council dwelling expenditure are introduced to ensure we do not have a similar issue in 2015-16.
 - **We have the following observations to make about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be, in the most part, relevant, reliable, comparable, material and easy to understand. We concluded that estimates are appropriate and financial statement disclosures unbiased, fair and clear. We requested that some additional information be added to your accounting policies to reflect the current practices being applied by the Council.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner in the main and were not restricted in our work. The audit process took longer than it has in previous years, with a contributory factor being the number of experienced staff leaving the Council and officers having to take on new roles at a crucial time in the audit process. We will work with officers to improve the closure process from both our and the Council's perspective in 2015-16.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that we have not reported to you already.**

-
- **There are no 'other matters' specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13.** As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14.** We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the City of Cardiff Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Huw Vaughan Thomas
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements of the City of Cardiff Council (the Council) for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2014-15; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

additional information that you have requested from us for the purpose of the audit; and

unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all known partnerships and joint working/collaborative arrangements that would impact on the financial statements.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Council have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Council have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Council has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The agreed recommendations set out in the 2013-14 Wales Audit Office financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- [xxxx]

Representations by the Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the City of Cardiff Council on [insert date].

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General to the Members of the City of Cardiff Council

I have audited the accounting statements and related notes of:

- the City of Cardiff Council
- the City of Cardiff Council Group
- the Cardiff and Vale of Glamorgan Pension Fund

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

The City of Cardiff Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The City of Cardiff Council Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The Cardiff and the Vale of Glamorgan Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page xx, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City of Cardiff Council's Group accounting statements and the Cardiff and Vale of Glamorgan Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the City of Cardiff Council's, the City of Cardiff Council's Group's and the Cardiff and Vale of Glamorgan Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the

responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the City of Cardiff Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City of Cardiff Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of the City of Cardiff Council Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City of Cardiff Council Group as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of the Cardiff and Vale of Glamorgan Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the City of Cardiff Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
XX September 2015

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

	Value of correction, £	Nature of correction	Reason for correction
1	63,049,000	To account for the voluntary-aided and voluntary controlled (VA/VC) schools as required by LAAP101.	Voluntary-aided and voluntary-controlled schools had been included in the accounts as a result of the changes to 'The Code'. However, LAAP101, issued by CIPFA stated that a prior period adjustment was required, as the change in accounting for schools was a change in accounting policy. This had not been actioned by the Council; the assets had been brought onto the balance sheet on 1 April 2014 rather than 1 April 2013.
2	14,685,001	Change the classification of assets from the surplus asset category to the investment property category within the Non Current Assets note (Note 20).	Five International Sports Village (ISV) Assets were included in the surplus asset category within Note 20, however, on further review it was deemed that the Council was holding the properties/land for capital appreciation. Where assets are held for capital appreciation, 'The Code' deems the assets to be investment properties.

	Value of correction, £	Nature of correction	Reason for correction
3	442,706	To correctly reflect the revaluation loss for the reclassification of ISV assets (CIES and Note 30).	As a result of the re-classification of ISV assets from surplus to investment properties, a different treatment for the revaluation loss is required. For surplus assets, revaluation losses are first taken to the revaluation reserve and matched against any prior year revaluations with the difference being charged to the income and expenditure account. However, for investment properties the revaluation element is taken directly to the income and expenditure account.
4	4,324,593	Removal of a school from the balance sheet as it has now closed and is being demolished in 2015-16. (Note 20).	Although Llanederyn High School has been closed and was no longer in use at 31 March 2015 a balance was included in the property, plant and equipment note (Note 20) within the accounts.
5	2,087,488	Removal of internal income from Note 4 reconciliation to subjective analysis.	Note 4: reconciliation to subjective analysis: Internal income had been incorrectly included within the government grants and contributions line, this has been removed from that line and the corresponding expenditure has been removed from the other services expenses line, this does not have any effect on the bottom line.
6	1,507,000	Reduction in capital commitments disclosure (Note 20).	Two contracts within the capital commitments disclosure were overstated.
7	1,356,000	Removal of the interest element for the Glamorgan Cricket Club Loan (Note 21).	Although the loan had been impaired to zero in 2013-14, the interest element still remained within Note 21 and within the bad debt impairment figure within debtors.

	Value of correction, £	Nature of correction	Reason for correction
8	430,234	Reclassification of the Carbon Reduction Commitment (CRC) allowance from provisions (Note 27) to accruals (Note 25).	When purchased under the 'buy to comply' scheme 'the Code' requires the CRC allowance to be recorded as an accrual where the amount and timing are certain.
9	353,000	To correctly reflect all Revenue Expenditure Funded from Capital Under Statute (REFCUS) in Note 20.	The REFCUS element for the Housing Revenue Account had been omitted from the capital financing and expenditure table within Note 20.
10	20,400	Note 11 Remuneration: 'The Code' requirements for remuneration changed in 2014-15, and this was not fully reflected in the accounts.	The remuneration note (Note 11) did not include the median remuneration for all full-time equivalent employees throughout the year.
11	Narrative	To include a Post Balance Sheet Event for the new housing revenue self-financing regime.	Although the foreword included reference to the new housing revenue self-financing regime, no post balance sheet event note had been included in the accounts.
12	Narrative	Note 11 – Remuneration: 'The Code' changes for VA/VC schools (Note 11) required additional disclosures.	A note was needed after the employee remuneration bandings table in note 11.2 to disclose that the table includes employees who are employed by the Governing Body of VA/VC schools rather than the Council; although the salaries are paid by the Council.
13	Narrative	To ensure that the non-current asset ownership table within Note 20 accurately reflects the fixed asset register maintained by the Council.	Note 20 to be amended to reflect the fixed asset register information for the number of: <ul style="list-style-type: none"> • Allotment gardens • Cemeteries • Day centres and clubs • Play centres • Youth and neighbourhood learning centres

	Value of correction, £	Nature of correction	Reason for correction
14	Narrative	To ensure that notes and statements within the accounts contained the correct information.	<p>Narrative changes were made to the following notes and statements within the accounts to ensure that they accurately reflected the supporting evidence provided:</p> <ul style="list-style-type: none"> • Accounting policies: impairment and de minimus • Note 19: Pensions • Note 9: Non-Domestic Rates • Note 21: Financial Instruments • Note 26: Long-term investments • Annual Governance Statement
15	Contingent asset	The Council approved the write-off of 70 per cent of the Glamorgan Cricket Club loan in 2014-15, the potential for recovering the remaining 30 per cent was not reflected in the accounts.	Although the Glamorgan Cricket Club loan had been impaired to zero in 2013-14, the Council has subsequently agreed to write off 70 per cent of the loan, with the expectation that the remaining 30 per cent will be recovered. Given the uncertainty over the timing of the collection of the remaining 30 per cent of the loan, the Council needed to recognise a contingent asset within the accounts (Note 32).
16	Various notes	To ensure that all areas of the accounts cast, cross-cast and are cross-referenced to supporting notes.	The first draft of the accounts had a number of errors in casting, cross-casting and cross-referencing accurately to supporting notes.

	Value of correction, £	Nature of correction	Reason for correction
17	Categorisations within Note 20	To amend Note 20 to ensure it accurately reflects the entries contained within the Revaluation Reserve and Capital Adjustment Account in Note 30.	<p>Within Note 20:</p> <p>Other land and buildings contained a revaluation up of £34,000 in the 'revaluation increases/decreases to SDPS' line which should have been included in the 'revaluations increases/decreases to revaluation reserve' line.</p> <p>Surplus assets contained an impairment of £649,000 in the 'impairment losses/reversals to SDPS' line which should have been split:</p> <ul style="list-style-type: none"> • £389,000 to the line – Impairment to the revaluation reserve; and • £260,000 to the line – Impairment to the SDPS. <p>Investment properties – £1,153,000 was incorrectly included in the 'Impairment losses' line and should have been included in the 'revaluation increases/decreases to SDPS' line.</p>
18	Categorisations within Note 30	To amend Note 30 Capital Adjustment Account to ensure it accurately reflects corresponding entries Note 20.	<p>A number of depreciation and impairment charges had been recorded incorrectly in Note 30.</p> <p>Other Land and Buildings – £1,662,000 was incorrectly included in 'revaluation losses on the property plant and equipment' line and should have been included in the 'charges for depreciation and impairment of non-current assets' line.</p> <p>Surplus assets – £2,552,000 was incorrectly included in the 'charges for depreciation and impairment of non-current assets' line and should have been included in the 'revaluation losses on property plant and equipment' line.</p>

	Value of correction, £	Nature of correction	Reason for correction
19	Narrative	To amend Note 13 Related Parties to ensure it accurately reflects the declarations made by Councillors and the amounts held within the ledger	A number of declarations made by Councillors had not been recorded within the companies in which members' interests are declared line in the related parties note and the members of the Council paragraph. In the Companies in which members' interests declared line, the debtors total has increased by £182,000 and the creditors total has increased by £4,000. In the members of the Council paragraph the goods and services total has increased by £6,342,663 and the grants total has increased by £1,189,196.
Trust fund statements			
	Narrative	To ensure consistency of information in the statement.	Two Trust funds did not have their Charity number recorded.

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Final Letter of Representation

Huw Vaughan Thomas
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ
[Date]

Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements of the City of Cardiff Council (the Council) for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA Code of Practice on Local Authority Accounting in the UK 2014-15; in particular the financial statements give a true and fair view in accordance therewith.
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;

- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- The identity of all related parties and all the related party relationships and transactions of which we are aware;
- Our knowledge of all known partnerships and joint working/ collaborative arrangements that would impact on the financial statements.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Council have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Council have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Council has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The agreed recommendations set out in the 2013/2014 WAO financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and

in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- On page 5 of the ISA260 report it has been identified that the Council incorrectly capitalised some revenue expenditure on Council dwellings in the statement of accounts. We acknowledge this matter and will review and reinforce current processes in place to ensure that the level of incorrectly capitalised revenue expenditure is reduced. We also acknowledge that the potential error quoted is very much a worst case scenario and are confident that the true error is significantly less, due to the fact that much of the expenditure falls within the definition of capital expenditure as per the Council's capitalisation policy.

Representations by the Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the City of Cardiff Council on [\[insert date\]](#).

Signed by:

[\[Officer who signs on behalf of management\]](#)

Date:

Signed by:

[\[Officer or Member who signs on behalf of those charged with governance\]](#)

Date:

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Audit of Financial Statements Report and Management Letter

Cardiff and Vale of Glamorgan Pension Fund

Audit year: 2014-15

Issued: September 2015

Document reference: 481A2015

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Ann-Marie Harkin, Helen Goddard, David Williams and David Phillips.

Contents

This document summarises the conclusions on the 2014-15 audit including our recommendations for the year. The Auditor General intends to issue an unqualified audit report on your financial statements.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	5
Significant issues arising from the audit	5
Recommendation arising from our 2014-15 audit work	6
Independence and objectivity	6

Appendices

Final Letter of Representation	7
Proposed audit report of the Auditor General to the members of the City of Cardiff Council	10
Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance	13
Wales Audit Office performance measures	14
Recommendation arising from our 2014-15 audit work	15

Summary report

Introduction

1. The purpose of this report is twofold:
 - to set out for consideration the matters arising from the audit of the financial statements of Cardiff and Vale of Glamorgan Pension Fund for 2014-15, that require reporting to those charged with governance, in time to enable appropriate action; and
 - to formally communicate the completion of our audit and capture the recommendations arising from our audit work for the year.
2. The Auditor General's responsibilities were set out in our audit plan along with your responsibilities as those charged with governance; we do not repeat them in detail again here.
3. We confirm we have undertaken the audit as planned and our performance against the agreed measures are reported in [Appendix 4](#). We have no other issues to report to you other than in this report.
4. We are particularly grateful to the staff of the Council who administer the Cardiff and Vale of Glamorgan Pension Fund for their assistance, good-quality working papers and draft accounts provided during the course of our audit.
5. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Cardiff and Vale of Glamorgan Pension Fund at 31 March 2015 and its income and expenditure for the year then ended.
6. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
7. The quantitative level at which we judge such misstatements to be material for Cardiff and Vale of Glamorgan Pension Fund audited body are £16.791 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

Status of the audit

8. We received the draft financial statements for the year ended 31 March 2015 on 29 June 2015, which was in accordance with the date we agreed, and have now substantially completed the audit work.
9. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Pension Fund Manager and the Head of Technical Accountancy.

Proposed audit report

10. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
11. The proposed audit report is set out in [Appendix 2](#). (This is the full report that will be provided on conclusion of the audit of the Council's accounts as the Pension Fund statements are included within them.)

Significant issues arising from the audit

Uncorrected misstatements

12. There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

13. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

14. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
 - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls.** However, we note a continued absence of Internal Audit coverage of systems relating to the Pension Fund. Internal Audit is a key part of the Internal Control Framework and should provide management with assurance that key controls

are in place and operating effectively, via a cyclical programme of work, if not annual.

- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendation arising from our 2014-15 audit work

15. A recommendation arising from our audit work is set out in [Appendix 5](#). Management has responded to it and we will follow up progress during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Independence and objectivity

16. As part of the finalisation process, we are required to provide you with representations concerning our independence.
17. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Cardiff and Vale of Glamorgan Pension Fund that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff and Vale of Glamorgan Pension Fund for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

I confirm that to the best of my knowledge and belief, having made enquiries as I consider sufficient, I can make the following representations to you.

Management representations

Responsibilities

I have fulfilled my responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the 2014-15 Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff and Vale of Glamorgan Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There were no uncorrected misstatements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by County Council of the City and County of Cardiff on 24 September 2015.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance (director only for companies)]

Date:

Appendix 2

Proposed audit report of the Auditor General to the members of the City of Cardiff Council

I have audited the accounting statements and related notes of:

- The City of Cardiff Council
- The City of Cardiff Council Group
- The Cardiff and Vale of Glamorgan Pension Fund

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

The City of Cardiff Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The City of Cardiff Council Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The Cardiff and the Vale of Glamorgan Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page xx, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City of Cardiff Council's Group accounting statements and the Cardiff and Vale of Glamorgan Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the City of Cardiff Council's, the City of Cardiff Council's Group's and the Cardiff and Vale of Glamorgan Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the City of Cardiff Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City of Cardiff Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of the City of Cardiff Council Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of City of Cardiff Council Group as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on the accounting statements of the Cardiff and Vale of Glamorgan Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the City of Cardiff Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
[Date]

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Value of correction	Nature of correction	Reason for correction
£622,000	Investments within the Net Asset statement were increased by £622,000, with corresponding increase in the change in market value of investments within the fund account.	To correct the valuation of Schroders Property Unit Trusts. The initial valuation was recorded at the incorrect date.
£205,000	Investments within the Net Asset statement were decreased by £205,000, with corresponding decrease in the change in market value of investments within the fund account.	To ensure the correct valuation basis for Blackrock investments.
Narrative disclosure	The market value of separately invested Additional Voluntary Contributions included within Note 15 was reduced to £3.167 million.	To ensure a consistent approach to the value of the disclosure compared to prior years.
Narrative disclosure	The number of active contributors to the pension scheme as detailed in Note 10 was amended for both the current and prior year to more accurately reflect membership numbers. The figure for 2014-15 was increased by 793 to 14,145 contributors. The figure for 2013-14 was increased by 376 to 13,922.	To correct the number of active contributors to the pension scheme given updated information input into the Altair system post production of the draft financial statements.
Various other disclosure notes	A number of narrative and disclosure amendments, not identified separately in this table, as not regarded material to the financial statements.	To ensure completeness, clarity, accuracy and consistency throughout the financial statements.

Appendix 4

Wales Audit Office performance measures

We have agreed a range of targets for the delivery of our work and I have summarised our assessment of achievements against these targets below:

Planned output	Target	Outcome
2015 Audit Plan	January – March 2015	March 2015
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	June – August 2015	September 2015

Appendix 5

Recommendation arising from our 2014-15 audit work

We set out below a recommendation arising from our audit with management's response to it. We will follow up the recommendation next year and include any outstanding issues in next year's Audit Report:

Matter arising 1 – controls over the input of data into the ALTAIR system and its ongoing integrity requires strengthening

Findings	We identified through completing our predictive analytical review on employee and employer contributions that active membership numbers had not been maintained up to date in the ALTAIR system. A processing lag had developed following the migration last year of the Pension Fund data to the new ALTAIR system. As a consequence, the initial membership figures presented in the draft financial statements required amendment.
Priority	Medium
Recommendation	<p>We recommend that the Pension Fund determines a cut-off policy for the amendment of active membership numbers for inclusion within the draft financial statements, whilst ensuring a more-timely processing of amendments to membership data throughout the year.</p> <p>We also recommend that membership number data is reconciled on a more formal basis; in the past it has been completed informally, often after the audit has been completed. Regular reconciliation of this data would provide a key internal control to the pension fund and consequently provide additional assurance over the accuracy of this data.</p>
Accepted in full by management	Yes
Management response	<i>The Pensions Section will establish a monthly membership update process for major employers and quarterly reconciliations of membership data. The final reconciliation at year end to be completed before the submission of draft financial statements for audit.</i>
Implementation date	<i>1 October 2015</i>

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Reference 0903.amh.C
PHAISA260

Date 3 Sept 2015

Pages 1 of 2

Dear Committee Members

Cardiff Port Health Authority Annual Return for the year ended 31 March 2015

The Auditor is responsible for providing an opinion:

- on whether the information contained in the Joint Committee's Annual Return for the year ended 31 March 2015 is in accordance with the Auditor General for Wales' requirements; and
- if any matters have come to the Auditor's attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

We received the draft Annual Return for the financial year ended 31 March 2015 in line with the agreed deadline, and have now completed our audit work. We are reporting to you the issues arising from our work.

Audit certificate and opinion

It is our intention to issue an unqualified certificate and report for the year ended 31 March 2015 and there are no matters in respect of the opinion which we wish to draw to your attention.

Qualification issues

There are no qualification issues to report.

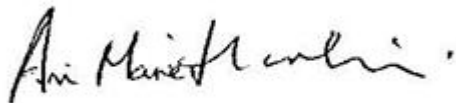
Misstatements in the Statement of Accounts

There were no misstatements found in Section 1: the Statement of Accounts.

Other matters not affecting our opinion

We wish to draw the following matter, not affecting our opinion, to the attention of the Port Health Authority. The 2014-15 operational plan approved by the Public Protection Committee included the 2013-14 budget rather than the 2014-15 budget. This issue has been discussed with officers and agreed that the budget reporting and approval process needs to improve to ensure such a mistake does not occur in future.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ann-Marie Harkin". The signature is written in a cursive, flowing style.

Engagement Director

Ann-Marie Harkin

Audit of Financial Statements Report

Cardiff Harbour Authority

Audit year: 2014-15

Issued: September 2015

Document reference: 542A2015

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements but there are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	4
Independence and objectivity	5

Appendices

Final Letter of Representation	7
Proposed audit report of the Auditor General to those Charged with Governance of Cardiff Harbour Authority	10
Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance	12

Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Cardiff Harbour Authority (the Authority) at 31 March 2015 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative level at which we judge such misstatements to be material for the Authority's accounts is £99,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, for example, the remuneration note.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Authority, for 2014-15, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2015 on 30 June in line with the statutory deadline, and have now substantially completed the audit work.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

10. There are no non-trivial misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

11. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

12. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
 - **The draft statement of accounts followed the format of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 (the Code) rather than the requirements of the Companies Act 2006**
The City of Cardiff Council is responsible for discharging the Cardiff Harbour Authority's functions. In 2014-15 the Cardiff Harbour Authority was required to produce separate accounts for the first time. The draft statements produced for audit had been compiled in accordance with the Code in line with the core accounts of the Council rather than the Companies Act 2006. A revised statement of accounts had to be prepared which met the disclosure requirements of the Companies Act 2006.
 - **We have no major concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, material and easy to understand. We concluded that estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner in the main and were not restricted in our work.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that we have not reported to you already.**
 - **There are not any 'other matters' specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

13. As part of the finalisation process, we are required to provide you with representations concerning our independence.

-
- 14.** We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Cardiff Harbour Authority that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Huw Vaughan Thomas
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Harbour Authority (the Authority) for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements, in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

-
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - Our knowledge of fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
 - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - The identity of all related parties and all the related party relationships and transactions of which we are aware.
 - Our knowledge of all known partnerships and joint working/collaborative arrangements that would impact on the financial statements.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Authority has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Authority has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Authority have been reviewed and are properly treated within the final accounts in accordance with legislative requirements.

The provisions of the Authority have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Authority has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards.

The agreed recommendations set out in the 2013-14 Wales Audit Office financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- [xxxx]

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council on XXXX

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General to those Charged with Governance of Cardiff Harbour Authority

I have audited the accounting statements and related notes of Cardiff Harbour Authority for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's accounting statements comprise the Comprehensive Income and Expenditure Statement and the Balance Sheet.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page x, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Authority's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Cardiff Harbour Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Cardiff Harbour Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Opinion on other matters

In my opinion, the information contained in the Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Cardiff Harbour Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
29 September 2015

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

	Value of correction	Nature of correction	Reason for correction
1	Various	Removal of Movement in reserves statement. Creation of general reserve. Amendment or removal of related narratives that made reference to Code accounting practices.	Accounting disclosures required by the Code had to be adjusted to ensure the statement of accounts met the Companies Act 2006 requirements.
2	Various	Inclusion of prior-year comparative figures in respect of movements in long-term assets.	To meet disclosure requirements.

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Annexes B & C to this Appendix are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Treasury Management Annual Report 2014/2015

City of Cardiff Council



Introduction

1. Treasury management activities are the management of an organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council carries out its treasury management activities in accordance with a code developed for public services in 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA).
3. On 25th February 2010, Council approved policies and adopted the four clauses of the treasury management code which are replicated in **Annexe A** for information. Council received a report in February 2014 on the Council's Treasury Management Strategy for 2014/15 and a mid year review in December 2014.
4. This report provides members with an annual report for the Council's Treasury Management activities for 2014/15. It covers:-
 - the economic background to treasury activities
 - investment strategy and outturn for 2014/15
 - borrowing strategy and outturn for 2014/15
 - debt rescheduling
 - compliance with treasury limits and prudential indicators
 - treasury management issues for 2015/16
5. Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and practices to be undertaken by the Council's Audit Committee. A number of reports were submitted to the Committee to note and review during the year, with each committee receiving a report on the position and performance of treasury investments and borrowing. Reports included the treasury management implications of housing finance reform as well as benchmarking of treasury management performance.

Economic Background

6. Interest rates for investment balances remained depressed during the year as expectations for an interest rate rise continued to recede. Cheap credit being made available to banks for the Funding for Lending Scheme, a significant reduction in the oil price; Euro uncertainty as a result of the Greek debt crisis and inflation heading towards zero in the UK resulted in uncertainty and depressed interest rates for borrowing and investments. The Bank Rate remained unchanged at 0.5% and the Bank of England maintained its policy on the level of quantitative easing.

Investments and Outturn

7. The management of the day-to-day cash requirements of the Council is undertaken in-house with credit advice from Capita Asset Services, the Council's Treasury Management Advisors. This may involve temporary borrowing pending receipt of income/long-term funds or the temporary lending of surplus funds. These temporary surplus funds fluctuate daily and arise from a number of sources including differences in timing of revenue and capital cash flows, reserves, provisions and other balances held for future use.
8. The Council invests with institutions listed on the Council's approved lending list and in accordance with investment guidelines established by the Welsh Government as reflected in the Council's investment strategy. Lending to these institutions is subject to the time and size limits laid down on that list. The categories, names, periods and size limits on this list can be extended, varied or restricted at any time by the Section 151 Officer under delegated powers and are monitored closely in conjunction with the Council's treasury advisors.
9. An extract from the investment strategy approved by Council in February 2014 is shown below.

Given the likelihood of internal borrowing and the interest rate forecasts identified above, longer term investments above one year will be unlikely. The Debt Management Agency Deposit Facility will be used only as a last resort.

10. At 31 March 2015, investments stood at £54.9 million, with a short term investment strategy employed for most of the year. **Annexe B** shows with whom these investments were held.
11. A selection of performance indicators and benchmarking charts in relation to investments is included in **Annexe C**. The main areas to highlight at 31 March 2015 are as follows:-
 - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2015 no exposure limits set were breached. This was also the case during the course of the year.
 - In accordance with recommended accounting requirements in Wales, the total for investments includes a five year £1 million cash backed indemnity with Lloyds Banking Group for the provision of mortgages under the Local Authority Mortgage Scheme.
 - Investments held with different institutions as a percentage of the total shows that investments are diversified over a number of organisations and this was a strategy applied where possible during the course of the year.
 - The geographic spread of investments as determined by the country of origin of relevant organisations. All investments are in sterling and countries are rated AA and above as per our approved criteria.

12. Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2015, the probability of any default is low at circa 0.045% of the investments outstanding, £24,920.
13. All investments held at 31 March 2015 are deemed recoverable. Accordingly no impairment losses are reflected in the Council's 2014/15 Statement of Accounts arising from the Council's treasury management activities during 2014/15 or prior periods.
14. The overall level of interest receivable from treasury investments totalled £0.5 million in 2014/15. The returns achieved compared to industry benchmarks are shown in the table below.

	Return on Investment 2013/14		Return on Investment 2014/15	
	Benchmark 7day / 3month (%)	Achieved (%)	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.35 / 0.39	0.67	0.35 / 0.43	0.61

15. The benchmarks are the average of the 7 day London Interbank Bid Rate (LIBID) and 3 month LIBID respectively. These represent the average rate during the course of the year for investments for those periods. Performance exceeded benchmarks, due to availability of notice accounts offering higher deposit rates, however low rates are attributed primarily to bank rate remaining low.

Borrowing and Outturn

16. Long term borrowing is undertaken to finance the Council's capital programme. The main sources of borrowing are currently the Public Works Loan Board (PWLB) and the Money Markets.
17. At 31 March 2015, the Council had £470.5 million of external borrowing. This was predominantly made up of fixed interest rate borrowing from the Public Works Loan Board payable on maturity.

31 March 2014			31 March 2015	
£m	Rate (%)		£m	Rate (%)
420.7		Public Works Loan Board (PWLB)	418.1	
52.0		Market	52.0	
0.6		Other	0.4	
473.3	5.22	Total External Debt	470.5	5.19

Extracts from the borrowing strategy approved by Council in February 2014 are shown below.

The Council will aim to manage its debt portfolio on a long-term basis with a high regard to the effects on current and future Council Tax and Rent Payers.

The Council's borrowing strategy for 2014/15 and the capital financing revenue budgets included in the MTFP will consider all options to meet the long-term aims of:

- Promoting revenue cost stability to aid financial planning and avoid a stop-start approach to service delivery, although it is recognised that this may have a financial impact.*
- Reduction over time in the average rate of interest on Council borrowing.*
- Ensuring a balanced maturity profile to ensure any refinancing risk is manageable each financial year, using opportunities to re-profile borrowing where cost effective to do so both in the short and long term.*
- Ensuring borrowing plans are aligned to known capital expenditure spending plans, the useful life of assets created and consistent with the prudent provision for the repayment of any such expenditure paid for by borrowing.*

External verses internal borrowing

Whilst interest rates for borrowing are greater than interest rates the Council receives for investments (the 'cost of carry'), it makes financial sense to use any internal cash balances in the short-term to minimise costs (Internal Borrowing). However, there is a risk that the Council may have to borrow at higher rates when it does actually need to borrow in future. From a high level balance sheet review undertaken for future years, this suggests that a maximum level of internal borrowing is circa £70 million, however this is also dependant on the commitments arising from revenue savings targets and pressures on the MTFP.

Whilst investment rates remain lower than long term borrowing rates internal borrowing will be used to minimise short-term costs where possible. The forecast level of internal borrowing as a percentage of the CFR is deemed manageable. However, based on the forecasts of future capital expenditure plans and high level analysis of the Council's balance sheet position for future years, internal temporary cash balances will be insufficient to meet the totality of cash requirements, thus external borrowing will be required to be undertaken in 2014/15.

18. During 2014/15 with borrowing rates below trigger rates determined by external treasury management advisors and in order to mitigate the risk of rising future rates, borrowing of £5 million was undertaken from PWLB at a rate of 3.52%. Together with the natural maturity of £7.8 million of primarily PWLB loans the overall effect was to reduce the average rate on the Council's borrowing to 5.19% at the 31 March 2015.
19. Total interest payable on external debt during 2014/15 was £24.7million of which £4.8 million was payable by the Housing Revenue Account (HRA). In total £26.2 million was set aside from General Fund and HRA revenue budgets in line with the Council's approved policy on provision for debt repayment.

20. Lender Option Borrower Option (LOBO) products are loans to the Council where the lender can request a change in the rate of interest payable by the Council on pre-determined dates. The Council at this point has the option to repay the loan.
21. The Council has six such loans totalling £51 million. And apart from the option to increase rates these loans are comparable to PWLB and have no other complications such as variation in interest rates or complex terms.
22. Interest rates on the Council's loans range between 3.81% and 4.35% which are not unreasonable and are below the Council's average rate of interest payable. Details of the loans are shown in the table below
23. None of the Council's Market Loans, which are Lender Option Borrower Option Loans (LOBOs) had to be repaid during 2014/15. However £24 million of the LOBOs are subject to the lender potentially requesting a change in the rate of interest payable every six months, which could trigger early repayment. There is a manageable refinancing risk as LOBOs form a relatively low proportion of the Council's overall borrowing at 10.8%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.08%	01/09/2015	6 months	23/05/2067
6	4.28%	21/05/2015	6 months	21/11/2041
6	4.35%	21/05/2015	6 months	21/11/2041
6	4.06%	21/05/2015	6 months	23/05/2067
22	3.81%	21/11/2015	5 years	23/11/2065
5	4.10%	05/01/2018	5 years	17/01/2078

24. In accordance with the strategy, the Council has been undertaking internal borrowing which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. This is confirmed by a comparison of the Council's external level of debt and Capital Financing Requirement at 31 March 2015 as shown later in this report.

Debt Rescheduling

25. No debt rescheduling or early repayment of debt was undertaken during the year. The Council has undertaken restructuring previously; however the main obstacle currently is the level of premium (penalty) that would be chargeable on early repayment by the PWLB.
26. Excluding the new loans undertaken and value of Market loans, the premium payable on the balance of PWLB loans at 31 March 2015 eligible for early repayment (£407 million) is £278 million. This premium is payable primarily because:-

- Interest rates on loans of equivalent maturities compared to those held are currently lower
 - A penalty rate or lower early repayment rate was introduced by HM Treasury in November 2007, which increased the cost of premiums and reduced flexibility of Local Authorities to make savings. This has been a significant thorn in the ability of local authorities to manage debt more effectively.
27. Whilst the cost of Premiums can be spread over future years, options for restructuring that have been considered result in an adverse Net Present Value (NPV). Whilst there may have been short terms savings, these were outweighed by potentially longer term costs. In addition and more significantly, the capital programme and investment requirements set by the Council, has a need to undertake additional external borrowing in future years. This is potentially when interest rates are higher, based on current forecasts. Were this not the case and the Council were to have surplus cash balances for a long period of time, then paying such premiums would be cost effective.
28. Opportunities for restructuring will continue to be considered in conjunction with our Treasury advisors and reported to Audit Committee periodically as part of standard Treasury Management updates which Cabinet and Council receive.

Compliance with treasury limits and prudential indicators

29. During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the annual Treasury Management Strategy. The actual outturn for 2014/15 Prudential Indicators is set out in the following paragraphs and compared to the original estimates contained in the 2014/15 Budget Report. Future year's figures are taken from the Budget Report for 2015/16 and will be updated in the Budget Report for 2016/17.
30. An internal Audit review during 2014/15 provided satisfactory assurance in relation to controls in place to manage the Council's treasury activities.

Capital Expenditure

31. The "Prudential Code" requires the Council to estimate the capital expenditure that it plans to incur over the Medium Term. The actual capital expenditure incurred in 2014/15 and reported in the Outturn Report to Cabinet in July 2015 and estimates of capital expenditure for the current and future years as set out in the Budget Report of February 2015 are as follows:-

Capital Expenditure

	2014/15 Actual	2014/15 Original Estimate	2015/16 Estimate Month 4	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
General Fund	63	117	88	102	70

HRA	20	17	209	26	23
Total	83	134	297	128	93

Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

32. The CFR is the Council's underlying need to borrow for a capital purpose. It represents the amount of capital expenditure incurred but not yet paid for through capital receipts, grants and charges to the revenue account via a prudent provision for repayment of capital expenditure. It is capital expenditure incurred historically and ultimately paid for by borrowing money. It should be noted that the CFR figures quoted below exclude non cash backed provisions in relation to Landfill after care provision. This relates to future expenditure obligations over a 60 year period.
33. The CFR as at 01 April 2014 was £485 million. The actual CFR as at 31 March 2015 and estimates for current and future years (estimated in the February 2015 budget) are shown in the table below:-

Capital Financing Requirement (Excludes landfill provision)

	31.03.2015	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	Actual	Original	Estimate	Estimate	Estimate
	£m	Estimate	£m	£m	£m
		£m			
General Fund	400	440	432	453	454
HRA	95	93	282	289	302
Total CFR	495	533	714	742	756
External Debt	470				
Over / (Under)					
Borrowing	(25)				

34. Receipt of grant funding in advance, slippage and review of schemes proposed in the Capital Programme are contributory factors to the CFR being lower than originally estimated. By comparing the CFR at 31 March 2015 (£495 million) and the level of external debt at the same point in time (£470 million), it can be seen that the Council is temporarily using circa £25 million of internal cash balances to finance the Capital Programme at 31 March 2015.
35. As set out in the February 2015 Budget Report, the CFR for the General Fund is forecast to increase over the next three years due to increasing investment in the current Capital Programme which includes increasing levels of additional borrowing for invest to save schemes. These forecasts will be updated in the 2016/17 Budget Report.

Actual External Debt

36. The Code requires the Council to indicate its actual external debt at 31 March 2015 for information purposes. This was £470 million as shown in the earlier paragraphs.

Affordable Borrowing Limit

37. The Council has a statutory duty under section 3 of the Local Government Act 2003 and supporting regulations to determine and keep under review how much it can afford to borrow and to enter into credit arrangements (the "Affordable Borrowing Limit"). This cannot be breached without Council approval. Council must have regard to the Prudential Code when setting this limit which is intended to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax/rent levels is affordable.
38. During 2014/15 the Council remained within the authorised limit of £593 million set for that year.

Operational Boundary

39. The operational boundary is the estimated level of external borrowing and is subject to the timing of borrowing decisions. The boundary was originally estimated at £532 million to match the forecast for the CFR, but the actual level of external debt equalled £470 million as less new borrowing was undertaken during the year than originally planned.

Maturity Structure of Fixed Rate Borrowing

40. The maturity structure remains within the limits below approved as part of the 2014/15 strategy. These limits were set to avoid having large amounts of debt maturing in a short space of time, thus being exposed to significant liquidity risk and interest rate risk.

	31-Mar-14		Upper limit %	31-Mar-15			
				Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	1.6	7.8	10.0	1.2	5.8	11.0	51.8
12 months and within 24 months	1.2	5.7	10.0	1.4	6.7	1.4	6.7
24 months and within 5 years	3.3	15.6	15.0	2.3	10.9	3.4	15.9
5 years and within 10 years	3.0	14.1	15.0	3.2	15.1	3.2	15.1
10 years and within 20 years	17.0	80.3	30.0	18.4	86.3	18.3	86.3
20 years and within 30 years	16.2	76.6	35.0	17.1	80.6	14.6	68.6
30 years and within 40 years	26.6	126.1	35.0	28.3	133.1	28.3	133.1
40 years and within 50 years	22.8	108.1	35.0	19.8	93.0	19.8	93.0
50 years and within 60 years	7.2	34.0	15.0	7.2	34.0	0.0	0.0
60 years and within 70 years	1.1	5.0	5.0	1.1	5.0	0.0	0.0

41. The maturity profile of the Council's borrowing as at 31 March 2015 is shown in **Annexe D**. Unless the Council's LOBO loans are repaid early, very little debt matures within the next 10 years. In the medium to long term, efforts will be made to restructure loans maturing in 2056/57 and to review LOBO maturities in order to reduce refinancing risk.

Ratio of financing costs to net revenue stream

42. This indicator shows the proportion of the Council's net revenue stream (its core budget) that is subsumed each year in servicing debt financing costs. Financing costs include, interest payable and receivable on treasury management activities, premiums or discounts on debt restructuring and prudent revenue budget provision for repayment of borrowing.
43. For the General Fund, net revenue stream refers to the aggregate of the Revenue Support Grant, redistributed Non-Domestic Rates and the Council Tax precept. For the HRA, it is the total of Housing Subsidy and HRA revenue.

Ratio of Capital Financing Costs to Net Revenue Stream					
	2014/15	2014/15	2015/16	2016/17	2017/18
	Original				
	Estimate	Actual	Estimate	Estimate	Estimate
	%	%	%	%	%
General Fund	6.24	6.15	6.30	6.46	6.77
HRA	15.51	15.86	35.01	34.42	34.48

44. As reported in the 2014/15 Outturn report to Cabinet in July 2015, an underspend in the capital financing budget is the main reason for the reduction in the General Fund ratio from the original estimate for 2014/15 coupled with an increase in Net Revenue Stream. The ratio will increase if there is lower interest receivable on investments, additional loan repayment costs from unfunded increases in capital expenditure and if future revenue settlements from Welsh Government decrease.

The increase in the HRA ratio in 2014/15 reflects an increased share of Council's overall external interest payable, as well as additional contribution for prudent repayment of debt.

45. Whilst the indicator above is a required ratio, it has a number of limitations. The indicator:
- Does not take into account the fact that some of the Council's budget is non-controllable, delegated or protected.
 - Is impacted by transfers in and out of the settlement.
 - Includes investment income which is highly unpredictable, particularly in future years.
 - Does not reflect gross capital financing costs for schemes that are undertaken by initial borrowing ultimately to be repaid from within service area budgets.

46. Although there may be short term implications, approved invest to save schemes such as the School Organisation Plan are intended to be net neutral on the capital financing budget. There are however risks that the level of income, savings or capital receipts anticipated from such schemes will not materialise, having a detrimental long term consequence on the Revenue budget. This requires careful monitoring when considering future levels of additional borrowing.
47. Accordingly additional local indicators were developed and are shown in the table below for the period up to 2019/20. These indicators, which will be updated in the budget proposals report for 2016/17, show the capital financing costs of the Council as a percentage of its controllable budget and excludes treasury investment income on temporary cash balances:-

Capital Financing Costs as percentage of Controllable Budget									
	2011/12	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Difference 11/12-19/20
	Actual	Original Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	%
	%	%	%	%	%	%	%	%	
Net	13.47	15.46	15.67	16.65	18.41	20.63	21.95	22.61	67.85
Gross	15.17	19.16	18.76	20.77	22.94	26.56	28.83	29.54	94.73

48. Whilst the method on which the above indicator is based continues to be refined, it is a useful measure of risk to affordability. An increasing ratio indicates that a greater percentage of the budget that is controllable is required for capital financing costs which are committed in the long term. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. Careful monitoring of these indicators will be required over the life of the Capital Programme and the Medium Term Financial Plan.

As the Council realigns itself strategically to lower funding levels it will need to consider the level of debt and potential financial resilience issues that may be a consequence of increasing borrowing.

Principal Invested for over 364 days

49. An upper limit for principal invested over 364 days was originally set at £60 million and this was not breached, primarily due to the strategy adopted of minimising the period for which investments are made during 2014/5.

Treasury Management issues for 2015/16

50. Whilst this report is primarily in relation to Treasury Activities for 2014/15, some key issues for 2015/16 are below, with further information to be included in the Mid Year Treasury Management Report to Council.

51. Following the final outcome of the Housing Revenue Account Subsidy settlement agreed by the Council, borrowing of £187.4 million was undertaken and payment made on 2 April 2015 to WG. Overall Council borrowing totalled £657.9 million following the settlement payment, with the average rate on the Council's borrowing reducing to 4.97%. General fund and HRA borrowing continues to be part of a single pool as it is all deemed to be Council borrowing and a limit to indebtedness was introduced for the Housing Revenue Account as part of the agreement. Further information on the settlement payment will be included in the Mid Year Treasury Management Report to Council.

52. Internal borrowing at 31 March 2015 was £25 million, whilst interest rates for investments remain low, the timing of undertaking external borrowing is likely to be deferred in order to maximise savings. However consideration will be given to taking an element of the Council's borrowing requirement in 2015/16 in order to mitigate against the risk of increasing long term interest rates.

Christine Salter

Corporate Director Resources

01 September 2015

The following Annexes are attached:-

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management

Annexe B – Investments at 31 March 2015

Annexe C – Investments Charts at 31 March 2015

Annexe D – Maturity Analysis of Debt as at 31 March 2015

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010

Council's treasury management Policy / Activities

- This Council defines its treasury management activities as: the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks
- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications
- This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management

Four Clauses of Treasury Management

1. In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
2. In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after the year's close, in the form prescribed in its TMPs.
3. In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in accordance with the Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Panel due to the technical nature of the documents.

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By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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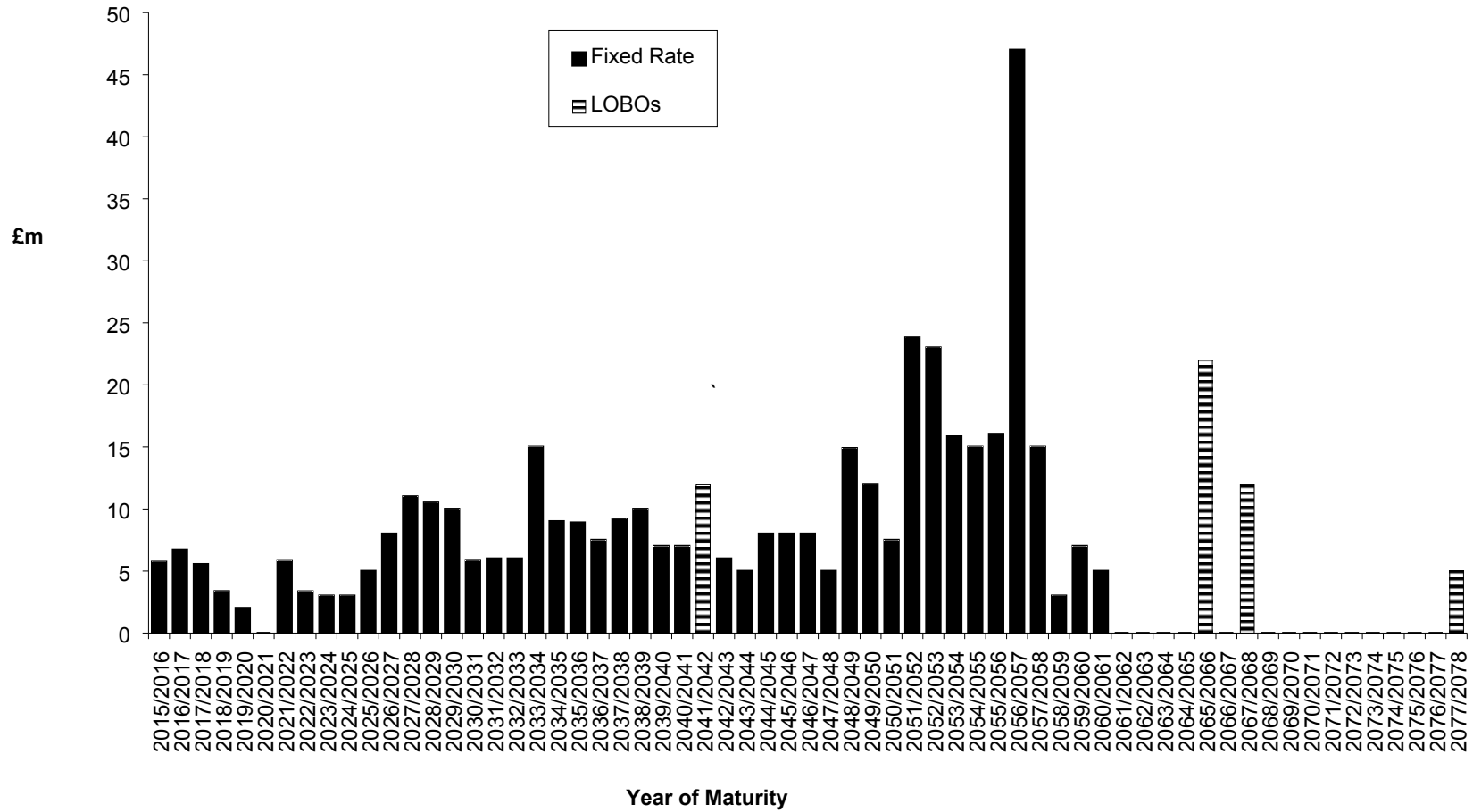
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By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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Annexe D – Maturity Profile of Debt at 31 March 2015



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Audit Committee Annual Report 2014/15



The City of Cardiff Council

The Ten General Principles of Public Life

<p>Selflessness Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.</p>	<p>Personal Judgement Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.</p>
<p>Honesty and Integrity Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.</p>	<p>Respect for Others Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.</p>
<p>Objectivity Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefit.</p>	<p>Duty to Uphold the Law Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.</p>
<p>Accountability Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.</p>	<p>Stewardship Members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.</p>
<p>Openness Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.</p>	<p>Leadership Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.</p>
<p><i>'Nolan Committee on Standards in Public Life'</i></p>	

Contents

	Page(s)
Foreword by Sir Jon Shortridge, Chairperson of the Committee	1
The Role of the Audit Committee	2
Our Work in 2014/15	4
Standard Items	4
Non-Standard Reports	6
Audit Committee Self Assessment	11
Audit Committee working with Scrutiny Committees	11
Key Observations 2014/15	12
Opinion of the Audit Committee 2014/15	12
Looking Ahead to 2015/16	14
Audit Committee Membership 2014/15	15
Attendance during 2014/15	15
Audit Committee Contacts	16
Annex 1 - Audit Committee's Self Assessment	17
Annex 2 - Audit Committee Member Profiles	20

Foreword by Sir Jon Shortridge, Chairperson of the Committee

I am pleased to present this report which provides an overview of the Audit Committee's work during the municipal year 2014/15.

I would firstly wish to record my thanks to the Elected Members and the Independent Lay Members who have served on the Committee this year. Members from across the political groups have come together in an extremely effective way to fulfil our role and support me as Chairperson of the Committee.

As outlined in the body of this report, the Committee has actively engaged with Senior Officers of the Council throughout 2014/15. The Committee has continued to receive the professional support of officers from Internal Audit, External Audit (Wales Audit Office), Finance and Treasury Management.

Over the past year we have met on five occasions (25 June 2014, 15 September 2014, 8 December 2014, 19 January 2015 and 23 March 2015), with each meeting having an agenda containing both standard and specific items.

Our Work Programme was drawn up to take full account of our terms of reference. This has been an extremely busy year with a wide range of issues brought before the Audit Committee, focusing on a number of key risks and challenges faced by the Authority over the past 12 months. The Organisational Development Plan is intrinsically linked to these risks and challenges, and in order to obtain assurances on its delivery the Committee in December was very pleased to receive a presentation by the Leader and the Chief Executive.

We have received a number of reports and updates on key items (e.g. budget, internal audits) and invited a number of officers to attend to provide assurance on specific key risks or to respond to concerns raised by Members or audit reports. At each meeting the work programme has been reviewed to include new matters identified by the Committee; and all Members have been encouraged to bring any concerns they have forward so that agendas could be set taking account of changing risks and priorities.

As a Committee we have acknowledged the broad remit of our role and balanced this against the requirement to receive a satisfactory level of assurance on specific matters in order to provide an opinion to inform the Council's Annual Governance Statement 2014/15. The Committee undertook a Self Assessment Exercise in January, the outcome of which is conveyed at the end of this report. As a relatively new Committee of the Council we are continually looking to improve and add value through our work to the Council. We will look to address the actions we identified through the assessment exercise during the course of 2015/16.

In looking forward to 2015/16 and beyond, and given the continued financial pressures facing the Council, the importance of an effective Audit Committee remains critical. This particular point is emphasised in the Welsh Government's consultation 'Reforming Local Government: Power to Local People' (3 February 2015). The consultation highlights the need to strengthen the role of Council Audit Committees.

The municipal year 2014/15 will be the last full year that I serve as an Independent Lay Member of this Committee. Prior to the establishment of the Audit Committee I served as a Chair to the Council's former Audit Panel, the creation of which demonstrated the Council's willingness to challenge and scrutinise its own risk, governance and internal control arrangements prior to this becoming a legislative requirement. I will remain a member of the Committee until I have seen through the approval of the Council's Statement of Accounts for 2014/15.

I wish the Council every success during the demanding period of unprecedented financial pressures which lies ahead, and the forthcoming reform of Local Government.

The Role of the Audit Committee

The Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The Local Government (Wales) Measure 2011 requires a Local Authority to have a Committee which provides independent assurance to the Members of the Council with regard to governance, risk management and internal control frameworks; and oversees the financial reporting and annual governance statement processes. It also oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Measure requires an Audit Committee to be established that includes Independent Lay Members. The City of Cardiff Council determined that the membership of its Audit Committee would be twelve Members; eight Elected Members and four Independent Lay Members.

Specifically the terms of reference of the Committee embraces the following, which have been reviewed following the Committee's Self Assessment Exercise in January 2015:

Governance, Risk & Control

- To consider the Council's corporate governance arrangements against the good governance framework by way of the process of compiling the Annual Governance Statement.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council.
- To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register.
- To consider any Anti-Fraud strategies, policies or procedures.

Internal Audit

- To approve the Internal Audit Strategy comprising the risk-based internal audit plan, containing the internal audit resources (resources include; Audit, Investigations, Risk & Governance and Programme and Project Assurance Teams).
- To approve significant changes to the risk-based internal audit plan and resource requirements.
- To consider reports from the Audit Manager on Internal Audit's performance during the year e.g. progress reports.
- To consider the Audit Manager's Annual Report, including the statement of conformance with the Public Sector Internal Audit Standards 2013 and the results of the Quality Assurance and Improvement Programme that supports the statement. Fundamental to

the annual report is the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control together with a summary of the work supporting the opinion.

- To receive summaries of specific internal audit reports in accordance with agreed protocols.
- To receive reports on fraud prevention and detection initiatives and updates to any related policies and strategies.
- To receive reports of any significant incidents of fraud or financial impropriety and actions taken to enhance controls where this is considered necessary.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.

Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

- To attend relevant training session in accordance with the Member Development Programme including specialist training tailored for Members of the Audit Committee e.g. treasury management.

Our Work in 2014/15

The Audit Committee's activities have been designed to provide assurance to the Council and to make a positive contribution towards improving the governance arrangements across the Council.

Effective Audit Committees can bring many benefits to Local Authorities including:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- providing additional assurance on the robustness of the Authority's arrangements through a process of independent and objective review;
- raising awareness of the need for internal control and the implementation of audit recommendations, thereby reinforcing the importance and independence of internal and external audit;
- being a platform for Elected Members to bring matters of financial, governance, risk and internal control for consideration and action as necessary.

The work of the Audit Committee can be split into two: the Committee receives regular reports in relation to the standard agenda themes, and also receives ad-hoc / non- standard reports based on risk, governance or internal control issues. Each of these aspects are reported on below.

Standard Items

Finance

The Corporate Director Resources (Section 151 Officer) has provided financial updates at every meeting outlining the budget strategy and the Council's overall financial position, to provide Committee Members with an overview of the financial standing of the Council. This allows for a regular opportunity to raise questions on the budget and general finance matters during a period of unprecedented financial pressures. Monitoring the financial position with regards to achieving the necessary savings in some directorates has proved difficult, due to ongoing overspends and the year end out-turn report will be important to provide assurance on a "balanced" budget.

On 25 June 2014, the Committee were given opportunity to review and provide comments on the 2013/14 draft Statement of Accounts, prior to them being signed by the Corporate Director Resources and subsequently submitted for external audit and public inspection. The Committee were informed at the following meeting on 15 September 2014 that the Wales Audit Office was to give an unqualified audit opinion, noting the quality of the report and accounts which were received ahead of the deadline. The Chair highlighted that in a period of severe financial challenges facing the Council the identification of all surplus assets should be prioritised.

Governance, Risk Management & Internal Control

The Audit Committee have formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented to them by the Corporate Director Resources (Section 151 Officer), the External Auditor – Wales Audit Office (WAO) and the Audit & Risk Manager.

The Annual Governance Statement (AGS) is a fundamental governance document which the Audit Committee plays a key role in contributing to and challenging. During the municipal year 2014/15 the AGS was considered by the Committee in conjunction with the draft Statement of Accounts for 2013/14 in June and September.

The Committee has had early involvement with the draft AGS 2014/15 in that reports were presented both in January and March 2015, informing them of the Senior Management Assurance Statement to be issued to Directors and the process for compiling the AGS.

During 2014/15 the Committee have appraised the Corporate Risk Register twice (mid year and year end position) and are aware of the robust review process in place to keep this updated. The Committee have considered several of the corporate risks throughout the year, where Officers have been asked to attend and provide a more detailed overview of how their risks are being managed, examples include; Director of Education & Lifelong Learning, Director of Health & Social Care and Director of Strategic Planning, Highways, Traffic & Transport.

Treasury Management

This is an area where Committee Members have a specific role to fulfil, as set out in the Treasury Management Strategy approved by the Council.

Over the past twelve months the Committee has received reports on the Treasury Management Strategy; Treasury Management Mid Year Report 2014/15; Treasury Performance Annual Report, and the Treasury Performance Report which was presented at each meeting. This has given Members the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, and the Committee believes that it has added value by probing and scrutinising policies and the data provided in conjunction with Officers.

The Committee is satisfied with the way in which the Council is currently undertaking its Treasury Management responsibilities, but has emphasised the need to ensure a spread of debt repayments. The Committee has expressed an interest in receiving further benchmarking data on treasury management activities with comparable Councils. Where there have been significant issues the Committee has asked for frequent updates e.g. housing finance reform borrowing.

External Audit (Wales Audit Office)

The Committee places reliance on the work of the Wales Audit Office (WAO) as the Council's external auditors.

The Committee has received key documents through the year such as the Regulatory Programme; Audit of Financial Statements Report; Annual Audit Letter; Audit Plan; and more prominently in September 2014 the WAO's Annual Improvement Report including the Corporate Assessment 2014 of the City of Cardiff Council. This report was considered in detail by the Committee on 8 December 2014. Members of the WAO team have been present at each meeting of the Committee since the assessment was published in order to engage with Members on the future assessment process.

Members have requested more information on other reports and value for money studies that WAO have undertaken to provide them with assurances where possible and to help to shape their future work programme.

The WAO with the Council's Audit & Risk Manager facilitated the Audit Committee's Self Assessment in January 2015.

Internal Audit

Similar to the External Audit arrangements, the Committee places reliance on the work of the Council's in-house Internal Audit Team. Through the year the Committee gained assurances from considering the following key documents:

- Internal Audit Strategy
- Internal Audit Charter
- Internal Audit Plans
- Internal Audit Quarterly Progress Reports
- Internal Audit Executive Summaries (Limited Assurance Reports)
- Internal Audit Annual Report
- Changes to key documents e.g. Fraud, Bribery & Corruption Policy.

The Committee welcomed the information presented by the Audit & Risk Manager to gain a level of assurance on the Council's internal control environment.

The Audit Committee Self Assessment Exercise, held in January, confirmed Members views that the information provided by Internal Audit to the Committee was sufficiently detailed, informative, and professionally prepared and presented.

The Committee have played a key role in supporting and promoting the Internal Audit function as well as engaging with officers; approving plans and policies; and helping to shape new and innovative processes.

Emphasis has been on those audits where limited assurance audit opinions have been reported and in seeking assurance around improvement, through implementing audit recommendations. The level of limited opinions is slightly down on last year and encouragingly the outcomes from follow up audits are much improved on previous years.

Further detail on some outcomes from the work of the Internal Audit Team is shown later in the section 'non-standard report items to the Committee' and the Committee will receive a full year overview of audit work done and key messages when the 'Internal Audit Annual Report' is presented to the June 2015 meeting of the Audit Committee. This report will provide the Audit & Risk Managers' opinion on the Council's overall position in relation to risk, governance and internal control, based on the work undertaken by the Internal Audit team.

Non-Standard Reports to the Audit Committee

The Committee received a number of reports through 2014/15 which were not standard items, details of these reports are given below:

Education - Risks & Challenges

Since the formation of the Audit Committee in 2012 Members of the Committee have expressed an interest in seeking assurances on the corporate risks of the Authority. The Committee have a role in challenging and scrutinising the Corporate Risk Register biannually, prior to the register being reported to Cabinet.

On 25 June 2014 the Director of Education & Lifelong Learning presented a report to the Committee, providing a presentation on the risks and challenges facing the Directorate. The report provided the Committee with information regarding the 21st Century Schools Programme, the Education Consortium, the Council's Estyn visit, School Governance and Procurement issues and action being taken to implement recommendations within Internal Audit Reports.

The Committee considered the role of a school governor and stressed the importance of their having a clear understanding of good governance in order to drive forward improvement - at the same time acknowledging the voluntary nature of the role and the level of responsibility placed on the individuals.

The Committee were satisfied with the assurances presented by the Director who gave a clear presentation of the issues and the actions in place to address the issues. In order to seek continued assurances the Committee have requested an Annual Report from the Director of Education & Lifelong Learning giving details of the Director's opinion, an update on relevant governance aspects of the Estyn Action Plan, and updated figures and opinions in relation to the Corporate Risk in respect of school balances.

Health & Social Care - Risks & Challenges

On 25 June 2014 the Director of Health & Social Care presented a report to the Committee informing them of the risks and challenges facing the service. The presentation detailed the structure of the Health & Social Care (H&SC) Directorate, services provided by H&SC, priorities of the directorate and the approach to the management of risk at a corporate and directorate level.

The Director informed the Committee of the challenges facing the directorate with the main focus on managing demand at a time of unprecedented financial savings. In order to respond to the challenges the Directorate is undertaking a number of initiatives. Independent living is being promoted through partnership working with Health, Housing and the development of a new commissioning framework; a drive to increase the uptake of Direct Payments; a number of actions have been taken to bring together Safeguarding for Cardiff and the Vale of Glamorgan.

The Director emphasised that £70 million of the Directorate's budget is spent on commissioning external services, emphasising the need for the Council to have a strong skill set with the capabilities to commission services effectively.

The Corporate Risk Register details a shared risk between Health and Social Care and the Children's Services Directorate which looks to address the expectations of the Social Services & Wellbeing Act (Wales). The Committee appreciated the complexities of the Act and received a further report in December 2014 detailing the implications on the Council. The Committee enquired about the progress that has been made on Delayed Transfers of Care (DTC) and were advised that these have reduced, although there is still room for improvement. The Committee received a further report in December 2014 in order to keep the Committee informed of future progress.

HR People Services

On 25 June 2014 the Committee received a report from the Chief HR Officer. The report covered a number of themes upon which the Committee have sought assurances previously - including Personal Performance and Development reviews of staff, the Attendance and Wellbeing Policy, and Job Evaluation.

Job Evaluation

Historically job evaluation has been a corporate risk, and the Committee has taken a particular interest in the implementation of the mitigating actions identified in the risk register. In particular the Committee sought to ascertain whether an impact assessment had been undertaken following the end of the job evaluation pay protection period at 31 March 2013. The Committee was informed that a full Equality Impact Assessment (EIA) was undertaken in September 2011; a follow up EIA was to be carried out later in the municipal year, and that the figures did not indicate an obvious increase in the number of leavers at the end of the pay protection period. The Committee's view was that Job Evaluation was successful and the Chairperson expressed the Committee's appreciation for the way it had been handled and with the outcomes achieved.

Attendance & Wellbeing Policy

The Committee received an Annual Report on Sickness Absence for 2013/14, by Directorate, reflecting short and long term sickness absence. The report showed that the final result for 2013/14 against a target of 10 days was 10.18 FTE days lost per employee. This is the lowest end of year result since 2005 when absence recording began. The new Attendance and Wellbeing Policy came into effect from 1st July 2013 and results have indicated that the new policy has had an impact on the reduced absence levels. There has been a reduction in the overall cost of sickness absence and the target for 2014/15 is 9 days.

Personal Performance & Development Reviews (PPDR)

The Audit Committee had requested details of year end data by Directorate as at June 2014 and a comparison with the previous year. The key message within the report was the considerable improvements in the compliance levels. The Committee had also requested an analysis for the same period of the four overall ratings awarded to employees; ineffective, developing, effective and outstanding. This information showed that the vast majority of staff who completed the PPDR process were rated as effective. The Committee were informed that the process was to be simplified for 2014/15 and was to include fewer steps. The Chief Officer informed the Committee of the commitment to create an action plan to tackle ineffective performance. The task for the remainder of 2014/15 was to address the quality and consistency of PPDR outcomes.

Working with Policy Review and Performance (PRAP) Scrutiny Committee

The Committee acknowledged that PRAP Scrutiny Committee have been considering these same HR issues over recent years and have raised similar questions. The Committee agreed that as a way forward the work of the PRAP Scrutiny Committee should be relied upon in challenging and scrutinising these areas. The Committee still wishes to be kept aware of annual reporting information regarding sickness absence.

Finance Service Review

On 15 September 2014 the Committee were informed that a service review of the Finance function was being carried out in order to ensure that the services it provides are fit for purpose, offer value for money and are suitable for meeting future demands. With reference to the Audit Committee's statutory functions as set out in the review, the Committee was asked to give feedback on the degree to which the Finance function supports the work of the Committee by providing information regarding accuracy, timeliness and format. Members of the Committee agreed to complete a questionnaire to inform the Finance Service Review. The Corporate Director Resources has kept the Committee informed of the review and the subsequent action being taken to continuously improve the in-house Finance Service.

Information Governance

On 8 December 2014 the Operational Manager, Improvement and Information, presented the findings of the Information Commissioner's Audit Report. The Council was issued with an 'Undertaking' in August 2013 and consequently agreed to implement procedures to ensure it processed personal data in accordance with 'Principle 7' of the Data Protection Act. The purpose of the audit was to provide the Information Commissioner and the Council with an independent assurance and whether Cardiff Council was complying with the Data Protection Act. The recommendations made were primarily around enhancing existing processes to facilitate compliance with the Act.

The overall opinion of the Audit was that there is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit had identified some scope for improvement in existing arrangements to reduce the risk of non compliance with the Act. An Action Plan has been drawn up to address the areas for improvement.

Organisational Development Plan

On 8 December 2014 the Leader of the City of Cardiff Council and Chief Executive gave a presentation to the Committee on the Organisational Development Plan (ODP), in the context of the Wales Audit Office Corporate Assessment. The presentation set out the aims of the plan to improve performance in key areas and to take steps to address the rising demand for services, during a period of rapid budget reductions.

The Chief Executive informed the Committee of the new corporate planning framework which had been put in place to develop a revised Corporate Plan. The Council had set about broadening its networks, particularly with other core cities, and working more closely with other local authorities that are already involved in partnership working to a greater degree.

The Corporate Plan 2015-17 has a much sharper focus, which reflects the challenging budget situation within which the Council is now working, particularly focusing on outcomes for vulnerable people. There is also much greater focus on challenge within the corporate culture.

The Committee were informed that, whilst there have been some recent changes, performance management has failed to consistently secure improvement in the past. Fundamental to a shift in improved performance has been a step change in the way employees are engaged and consulted. There has been an impetus to see Personal Performance and Development Reviews undertaken in a more streamlined approach focusing on individual performance.

At the time of the presentation the Chief Executive informed the Committee that three year milestones for the ODP were being developed and, when completed, a report detailing delivery timelines and savings would be shared with the Committee.

Strategic Planning, Highways, Traffic & Transport - Risks & Challenges

On 19 January 2015 the Director of Strategic Planning, Highways, Traffic and Transport delivered a presentation outlining the risks and challenges facing the Directorate. The presentation was split into three parts: Corporate Risk, an Internal Audit Report and an update on a previous issue identified within the Annual Governance Statement. It was agreed that an updated position on these matters, which are summarized below, would be reported to a future meeting of the Audit Committee in 2015/16.

Corporate Risk

Members of the Committee were informed that the directorate oversees two corporate risks; 1) Preparation of the Local Development Plan (LDP), 2) Hostile Vehicle Mitigation. Progress

against the LDP and the delivery of the associated transport infrastructure was considered. Secondly, the Committee was made aware of funding and technical issues which impact on the introduction of security measures across the City Centre. It was apparent to members of the Committee why the risks warrant inclusion in the Corporate Risk Register. The Committee agreed to monitor progress of these corporate risks through the biannual reporting of the register to the Committee.

Internal Audit Report

The Committee considered an Executive Summary Report on Highways Street Operations. The report was highlighted in the Audit & Risk Manager's Progress Report. The audit had been a follow-up which retained an overall opinion of 'Limited Assurance'. There were also concerns on the speed at which the Directorate had responded to the report. The Director informed the Committee that a review had been ongoing within the Directorate which would pick up the issues raised within the internal audit report. The issues were subject to discussion with the Trade Unions. The Director acknowledged the issues raised but stressed the need to be given time to provide assurance based on clear evidence of what could change within the delivery of the service. The Committee agreed to receive a further report from the Director in 2015 noting the improvements against the Internal Audit Report.

Bridges and Structures

On 20 May 2013 the Committee received a report on the implementation of the Principal Bridge Inspection Programme for Highway Bridges and Structures, which had been highlighted in previous years' Annual Governance Statements. The Committee had previously received assurances that the risks were being managed but felt it appropriate to receive an update after 12 months. Members were provided with an update on the implementation of the Inspection Programme - those structures that present the highest risk are dealt with at the start of the six year cycle, before those presenting moderate and low risk. At the time of the presentation the Directorate was bidding for capital project funding.

Fraud, Bribery & Corruption Policy

On 23 March 2015 the Committee were presented with the Fraud, Bribery & Corruption Policy, formerly the 'Anti Fraud, Bribery & Anti Corruption Policy' which was last reviewed and updated in 2011. The Committee were informed that the main thrust of the policy had not changed significantly in recent years. Members were aware from regular reports received from the Audit & Risk Manager that the Council does deal with a number of cases of suspected fraud and financial impropriety; and that there has been an increase in the number and complexity of these in recent times. This has emphasised the importance of having a policy in place which is fully understood and implemented consistently across the Council.

The Committee were informed of elements of the policy which highlight where the Council is proactive in adopting prevention and detection techniques and setting out a detailed process for investigation of cases to ensure these are undertaken to professional standards and in a consistent manner. Members of the Committee were informed of the role of Senior Management in terms of their responsibility for financial control and the actions of their members of staff. Throughout an investigation there is a requirement that Internal Audit has to oversee and be content with how the investigation is undertaken and reported.

Simultaneously there is a detailed review underway of the Council's Disciplinary Policy and Procedure which has a direct impact on how suspected cases of fraud and financial impropriety investigations are handled. It has been determined that both policies are to be presented to Cabinet for approval early in 2015-16, and every effort is to be made to ensure that they complement each other.

Audit Committee Self Assessment

On 19 January 2015 a workshop was held prior to the meeting of the Audit Committee to undertake a Self Assessment exercise. The Committee expressed appreciation for the support from the Wales Audit Office appointed Auditor and the Council's Audit & Risk Manager who together facilitated a workshop. On 23 March 2015 the outcomes were summarised and reported back to the Committee for approval.

The Committee first undertook a Self Assessment exercise in December 2013. This year's exercise considered the improvement actions already put in place and what further improvements were required. A revised action plan has been prepared, and Annex 1 of this report highlights the outcomes to be taken forward in 2015/16.

The Committee found the Self Assessment exercise very useful, and has decided that the exercise should be undertaken annually, prior to the completion of the Audit Committee's Annual report.

Audit Committee working with Scrutiny Committees

The Audit Committee's first Self Assessment exercise in December 2013 flagged up synergies between Audit Committee and Policy Review and Performance (PRAP) Scrutiny Committee. In advance of setting the Audit Committee's Work Programme for 2014/15 an exercise was undertaken to compare the work programme of the Audit Committee to the PRAP Scrutiny work programme. The exercise proved useful in that very few areas of commonality and duplication were identified.

In order to support the lay members of the Committee in terms of local knowledge, five of the elected members of the Audit Committee also represent the five scrutiny committees. Following the Audit Committee's Self Assessment in January 2015 Members of the Committee identified greater opportunities to engage with the Scrutiny Committees e.g. an annual meeting to be held between the Audit Committee Chairperson and the five Scrutiny Chairs; wider circulation of the Audit Committee's work programme amongst elected members to raise the Committee's profile and remit; a joint protocol to be developed between the Audit Committee and the five Scrutiny Committees to consider matters such as referrals.

Audit Committees in the Welsh Public Sector, particularly in Local Government, are evolving following the Local Government Measure 2011 (which came into effect in April 2012). Prior to the Measure the Council had an Audit Panel which was unique in Wales, but the Panel was not a formal Committee. The Measure has raised the profile of the Audit Committee and more recently the Welsh Government Consultation on 'Reforming Local Government: Power to Local People' (February 2015) highlights the need to strengthen the role of a Council's Audit Committee.

Key Observations 2014/15

With the support of the Wales Audit Office, Internal Audit and other Council officers, a Work Programme was developed setting out the priorities for the twelve months. This centred on the strategic risks and significant challenges facing the Council. The work of the Wales Audit Office and the Internal Audit Section has been helpful in providing assurance to the Committee on key areas.

The Committee have concentrated on areas considered to be high profile and / or high risk within the Council, and have met officers responsible for various aspects of service delivery.

This has enhanced the Committee's understanding of the services they provide and the challenges that they face. In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to both External and Internal Audit Reports.

It is recognised that the Council has continued to face severe financial challenges and strives to look for efficiencies and service delivery initiatives. It is therefore vital that good governance is maintained. The Committee will continue to support the Council as it responds to these challenges.

Opinion of the Audit Committee for 2014/15

At the strategic level, based on the evidence presented to the Audit Committee during 2014/15, it is the considered view of the Committee that the Council does, for the most part, have sound financial controls and governance arrangements in place. Strategic risks are well captured and reviewed on a regular basis and these represent the true challenges facing the Council at the present time. Examples of where the Committee has continuing concerns, which will be incorporated into the Committee's Work Programme for 2015/16, include:

Organisational Development Plan

Historically, the Audit Committee has been kept informed of significant business change activity and the potential impact on the control environment. On 8 December 2014, the Committee welcomed the presentation by the Leader of the Council and the Chief Executive on the arrangements in place to deliver the Organisational Development Plan. The Committee asked to continue to be kept informed of the progress against the plan, and emphasised the need for accountability to be clear and governance structured and adhered to so as to mitigate the associated risks.

Linked to the WAO Corporate Assessment and Organisational Development Plan, the Committee raised concerns around a further senior management restructure. The Committee were informed of a report to be presented to Cabinet the following month (January 2015) setting out the rationale for the restructure e.g. to provide capacity of strategic leadership balanced with effective operational management.

The Committee appreciate that delivery against the Organisational Development Plan will be monitored and challenged by other Committees and is mindful of this in looking ahead to its own work programme for 2015/16. Where assurance can be placed on the work of other Committees there will be less need for officers to duplicate information to the Audit Committee; with regard to the Organisational Development Plan assurance will first be sought from the Policy Review and Performance Scrutiny Committee.

Budget Pressures

The Committee will continue to receive regular updates from the Corporate Director Resources and other senior managers to seek assurances around sound governance and fundamental financial control.

The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing unprecedented challenges in how it delivers services in the future. Care will continue to be required to ensure that the significant changes to business processes and personnel that will be required do not impact on the financial control environment in a negative manner.

Looking ahead, Members of the Committee will be seeking further information in relation to the Budget Strategy Assumptions, in order to support their role in challenging and scrutinising the draft Statement of Accounts and given the unprecedented savings to be found in future years.

Contract and Procurement Matters

The Committee has been informed, through the work of the Internal Audit team, of the frequent issues identified in relation to contract and procurement matters. Whilst a framework of rules and best practice guidance is in place Internal Audit reports continue to highlight compliance issues in some areas. The Committee has raised this as a concern in previous years, however there are general signs of improvement, apart from small pockets of non-compliance. The Committee has established a Task and Finish Group to examine some specific contract matters which will report back to the main Committee during 2015/16.

Members of the Committee have raised concerns around the lack of appropriate skills within the Council to manage contracts effectively, particularly at a time when the Council is moving towards new delivery models for services, of which contract management would be key to the achievement and success of these arrangements.

Schools Governance & Compliance

Historically the Audit Committee have sought increased assurance around the governance and compliance arrangements of Cardiff's schools due to the number of 'Limited Assurance' audit reports issued by the Audit & Risk Manager. The number of these reports has reduced in 2014/15. The Committee welcomed the presentation by the Director of Education & Lifelong Learning who provided assurance around the action being taken to resolve prevalent issues within schools i.e. governance arrangements, contract management practices and deficit budgets.

Given the size of school budgets and reputational risk to the Council, the Committee will continue to monitor schools governance through the work of the Internal Audit team; and the Director of Education and Lifelong Learning will provide an Annual Report to the Committee identifying progress made against the issues raised by Members of the Committee.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. The Audit Committee continues to support the production of best practice guidance which strengthens financial control within schools and for these to be commended to schools.

Internal Audit Resources

The financial challenges facing the Authority are having an impact across all services resulting in the reduction of resources. The Internal Audit section like others has seen a significant reduction in the number of staff in recent years, and more recently a loss of experienced staff. Reliance is placed on the Internal Audit team to provide assurance to the Section 151 Officer and senior management on the key controls in place across the Authority.

Policy Review and Performance Scrutiny in reviewing the budget savings for 2014/15 highlighted reductions in Internal Audit resources. Members of the Audit Committee share this view which was considered at the March 2015 meeting of the Audit Committee, when consideration was given to the Internal Audit Strategy 2015/16. The Audit Committee will be kept informed of the issues facing the Internal Audit team and closely monitor resource implications and the associated risks, through the Audit & Risk Manager's quarterly progress reports.

Reducing Resources and Maintaining Fundamental Controls

Some Internal Audits issued during 2014/15 have identified increasing pressure on implementing audit recommendations to enhance the internal control environment. Management agree to the recommendations in principal and encouragingly the level of agreement for these is around 100%, but in some areas they are struggling to implement all the recommendations to which they are committed, due to a lack of resource, having lost a number of experienced officers. This is not considered to be a huge issue at the moment as managers are working with the Audit Team to consider compensating controls and smarter ways of working to ensure that fundamental controls are maintained. This will nonetheless be a key consideration for the future, and an area that requires careful monitoring.

Looking ahead to 2015/16

During the forthcoming municipal year the Committee will continue to be guided by the Corporate Director Resources, External and Internal Audit teams; and seek to further develop the assurances it is able to provide, and its contribution to an effective control framework.

The Committee will monitor the issues highlighted in the 'Opinion of the Audit Committee 2014/15' contained within this report ensuring these are incorporated within the Committee's programme of work.

The Committee considers the Council's Corporate Risk Register twice a year at about the same time as the Register is submitted to Cabinet. The Committee have taken an interest in exploring how the corporate risks have been mitigated, and will continue to select key risks and invite risk owners to attend and provide assurance about how they are mitigating their risks. The majority of risks considered through 2014/15 have been linked to the Council's priorities in supporting vulnerable people and education and lifelong learning.

The Committee's Work Programme will continue to be reviewed to ensure the Committee maximise their contribution to the governance and control framework, at the same time managing agendas to ensure that all meetings are equally productive and focus on the key issues.

Audit Committee Membership 2014/15

The Committee consists of four Independent Lay Members (sought by public advertisement) and eight Non Executive Councillors, elected by Council, see Annex 2 for details. Independent members are appointed for no more than two administrative terms with Council Members reappointed annually.

The Committee is serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer) and the Audit & Risk Manager. Representatives from the Wales Audit Office attend each meeting.

The Audit Committee met on 5 occasions throughout the municipal period 2014/15 on the following dates: 25 June 2014, 15 September 2014, 8 December 2014, 19 January 2015 and 23 March 2015.

Attendance 2014/15	Possible	Actual
Independent Lay Members		
Sir Jon Shortridge (Chairperson)	5	4
Professor Maurice Pendlebury (Deputy Chairperson)	5	5
Sir Richard Lloyd Jones	1	1
Ian Arundale	5	5
Hugh Thomas	4	4
Non Executive Councillors		
Councillor Jayne Cowan	2	2
Councillor Paul Mitchell	5	4
Councillor David Walker	5	5
Councillor Jim Murphy	5	5
Councillor Nigel Howells	5	4
Councillor Gretta Marshall	2	1
Councillor Mary McGarry	5	5
Councillor Christopher Weaver	5	5
Councillor Adrian Robson	3	3

During 2014/15 the Committee experienced a number of changes in membership; Sir Richard Lloyd Jones stepped down from the Committee following his extensive experience as a Member of the Audit Committee and former Audit Panel of Cardiff Council. The Committee appreciated the wealth of experience that Sir Richard Lloyd Jones brought to the Committee.

Councillor Cowan who had also been a member of the former Audit Panel through to the revised Committee format, moved on to other duties. Councillor Marshall also gave up her seat on the Committee. Councillor Adrian Robson took up one of the vacancies in 2014/15.

The municipal year saw two new Independent Lay Members join the Committee, Ian Arundale and Hugh Thomas, both of whom have vast experience within the public sector. Given the changes that took place throughout the year, induction training was provided to all new members of the Committee on a one-to-one basis. The Audit & Risk Manager provided an overview of the Committee's remit in line with the Committee's Terms of Reference, governance, risk management and internal control. The Operational Manager, Capital & Treasury, provided specialist training around the Committee's role with regards to Treasury Management.

Audit Committee Contacts

Sir Jon Shortridge Chairperson of Audit Committee	jon.shortridge@btinternet.com
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Ann-Marie Harkin Engagement Director, Wales Audit Office	029 2032 0562 info@wao.gov.uk
Janet McNicholas Manager, Wales Audit Office	029 2087 2259 info@wao.gov.uk
Non Jenkins Manager, Wales Audit Office	07879 848671 info@wao.gov.uk
Chris Pugh Performance Audit Lead, Wales Audit Office	029 2032 0523 07748 181685 info@wao.gov.uk

Annex 1 - Self Assessment: Proposed Improvement Actions (2015)




Ref.	Proposed Improvement Actions	Target Date	Action Owner
	Roles & Responsibilities		
1.	<u>Audit Committee Terms of Reference</u> Officers to undertake a review of the Committee's Terms of Reference prior to Annual Council in May 2015, to ensure it is fit for purpose and in line with current best practice.	May 2015	Audit & Risk Manager
2.	<u>Volume of Meeting Papers</u> Members noted that although the agenda supports the Work Programme there are often large volumes of paper associated with each agenda item. It can be difficult for Members to digest prior to the meeting given other demands. Officers to be reminded that the information put in front of Members to be relevant and concise and not overly detailed. Where Members of the Committee have concerns over such matters to report to the Committee Chair.	Ongoing	Corporate Director Resources & Audit & Risk Manager
3.	<u>Information Items</u> Items for information to be taken off the Agenda and distributed for information only. Any ongoing actions to be reviewed and where appropriate to be reported, in brief, under Outstanding Actions (for information only.)	Ongoing	Secretariat
4.	<u>Assurance Summary</u> The Audit Committee annually are presented with an Assurance Summary of the key governance issues and corporate risks. Members of the Committee to continue to receive this summary annually to provide a level of assurance against the Committee's Work Programme.	Annually	Audit & Risk Manager
5.	<u>Circulation of Work Programme</u> The Committee's Work Programme is to be published more widely amongst elected Members similar to Scrutiny.	Ongoing	Democratic Services
6.	<u>Audit Committee & Scrutiny Committees</u> In order to address the issue of items being considered by Scrutiny overlapping with Audit Committee a protocol is to be developed by officers. In order to support this notion the Audit Committee Chair would consider it beneficial to meet with the Scrutiny Chairs on an annual basis. In future, Scrutiny work programmes to be shared with Audit Committee Members and used to inform Audit Committee work programme to avoid duplication.	Ongoing	Secretariat

Ref.	Proposed Improvement Actions	Target Date	Action Owner
7.	<u>Chairperson's Letters</u> There have been instances where issues have been reported to the Committee on more than one occasion, where action has not been taken. In order to escalate these matters the Chair will in future write to the Chief Executive, relevant Cabinet Member or relevant Scrutiny Chair if the Director cannot provide a resolution.	Ongoing	Audit & Risk Manager
8.	<u>Independent Members</u> Engagement with Members - To benefit the independent Members an item to be included on each agenda which can be used for elected members to bring any matters of interest to the independent Members. Members Newsletter - The newsletter circulated to elected Members to be distributed to the Independent Members.	Ongoing	Democratic Services
Monitoring & Oversight			
9.	<u>Internal Audit Resource</u> The impact of reducing resources within the Internal Audit Team to be highlighted in the Audit Committee's Annual Report.	March 2015	Audit & Risk Manager
10.	<u>Chief Executive Attendance</u> The Committee would appreciate if the Chief Executive would attend the Audit Committee on an annual basis to provide an update on the progress of the Organisational Development Plan and the strategic direction of the Council.	December 2015	Corporate Director Resources, Secretariat & Chief Executive
11.	<u>Monitoring Officer</u> The Monitoring Officer to attend Audit Committee when the Annual Governance Statement is considered.	In accordance with the Work Programme	County Clerk
12.	<u>Audit Committee Self Assessment</u> The assessment exercise to be held on an annual basis.	January 2016	Secretariat & Audit & Risk Manager
Internal & External Audit Process			
13.	<u>Meeting with Audit Manager</u> A formal arrangement will be offered to Members of the Committee to meet with the Internal Audit Manager and External Auditors on an individual basis.	Commencing June 2015	Secretariat & Audit & Risk Manager & Wales Audit Office

Ref.	Proposed Improvement Actions	Target Date	Action Owner
14.	<u>Wales Audit Office</u> External Auditors to be represented at all meetings.	Ongoing	Wales Audit Office
	Membership		
15.	<u>Vice Chair</u> It was agreed that a Vice Chair should be nominated by the Committee for the municipal year and to act in the absence of the Chair.	June 2015	Audit Committee
	Meetings		
16.	No matters to report		
	Skills & Training		
17.	<u>Individual Self Assessment</u> The Committee Members may wish to undertake a personal self assessment in context with the role of an Audit Committee Member which may identify gaps in knowledge and areas where training can be arranged. The suggested framework was presented to <u>Council in December 2013: The Wales Charter for Member Support and Development: An Introduction for Authorities</u> . Specifically the role of a Member of an Audit Committee.	-	Chairperson, Secretariat, Corporate Director Resources & Audit & Risk Manager

Annex 2 - Audit Committee Member Profiles

Current Membership

	<p>Jon Shortridge has degrees in Philosophy, Politics and Economics from Oxford University, and in Urban Design and Regional Planning from Edinburgh University.</p> <p>He became Permanent Secretary of the Welsh Office in March 1999 and of the National Assembly on its creation in May 1999. In May 2007 he became Permanent Secretary of the Welsh Assembly Government. He retired in May 2008, but returned to Whitehall briefly as interim permanent secretary of DIUS (and subsequently BIS) in the summer of 2009.</p> <p>He is now Chair of Community Service Volunteers, Chancellor and Chair of Glyndwr University, a board member of the Parliamentary and Health Service Ombudsman and an advisory member of the Commission for Local Government in England. He chairs the audit committees of the Parliamentary and Health Service Ombudsman and of the Local Government Ombudsman, and is a member of the audit committees of Oxford University and the Royal Society.</p> <p>He is married to Diana, and has a daughter and a son. He was knighted in 2002.</p>
<p>Sir Jon Shortridge (Chair)</p>	<p>Maurice Pendlebury is a qualified accountant and until his retirement he was a professor of accounting at Cardiff Business School.</p> <p>He has wide experience of many areas of management in both the public and private sectors and is the author of numerous books and articles on accounting and financial management topics.</p> <p>He was a non-executive director of the Cardiff and Vale NHS Trust from April 2007 to September 2009 and he is currently a governor of a high school in Cardiff.</p> <p>He was appointed as an independent member of the Audit Panel in 2010 and remained a member when the panel changed and became the current Audit Committee.</p>
	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health. He was also a non-Executive Director of Welsh Water.</p> <p>Currently, he is Chair of the Regulatory Board for Wales and one of fifteen trustees of The National Library of Wales.</p>
<p>Professor Maurice Pendlebury</p>	
<p>Hugh Thomas</p>	



Ian Arundale

Ian Arundale is a self-employed Law Enforcement and Security Consultant. He was a police officer for 32 years serving in South Wales, West Mercia and Dyfed-Powys Police Forces rising to the rank of Chief Constable.

Ian was the UK lead on behalf of the Association of Chief Police Officers (ACPO) for 'Armed Policing' policy and practice and chaired the UK 'Conflict Management' portfolio.

He works internationally and has recently assisted police forces and organisations in the USA and New Zealand.

Ian holds a diploma in Applied Criminology from Cambridge University, an MSc (Econ) degree in Criminology and Criminal Justice from Cardiff University and a BA (Hons) degree in Police Studies. He is a Fulbright Fellow and a graduate of the Prime Ministers 'Top Management' programme.

In addition to his role with work with Cardiff Council, he is also a member of the Discipline Committee of the Royal College of Veterinary Surgeons and a board member of the International Law Enforcement Forum (ILEF)." He was awarded the Queens Police Medal (QPM) in 2011.



Nigel Howells

*Serving the **Adamsdown** Electoral Division, elected on 03 May 2012 Nigel was first elected on 06 May 1999.*

Serving on the following committees:

Policy Review & Performance
Economy and Culture Scrutiny Committee
Public Protection Committee
Audit Committee



Mary McGarry

*Serving the **Plasnewydd** Electoral Division, Mary was elected on 03 May 2012 for the first time.*

Serving on the following committees:

Licensing Committee
Public Protection Committee
Community & Adult Services
Audit Committee
Policy Review & Performance Scrutiny Committee







Paul Mitchell




*Serving the **Fairwater** Electoral Division, Paul was elected on 03 May 2012 for the first time. Paul was also a Councillor for Riverside between 1999-2004, and Canton between 1991-1996.*

Serving on the following committees:

Environmental Scrutiny
Audit Committee

 <p>Jim Murphy</p>	<p><i>Serving the Ely Electoral Division, Jim was elected on 03 May 2012 for the first time.</i></p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> Licensing Committee Council Appeals Committee Children and Young People Policy Review & Performance Public Protection Committee Democratic Services Committee Audit Committee
 <p>Adrian Robson</p>	<p><i>Serving the Rhiwbina Electoral Division, elected on 03 May 2012. Adrian was first elected on 10 June 2004.</i></p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> Planning Committee Audit Committee
 <p>David Walker</p>	<p><i>Serving the Lisvane Electoral Division, elected on 03 May 2012. David was first elected on 06 May 1999.</i></p> <p>Serving on the following committees:</p> <p>Portfolio: Leader of the Conservative Group</p> <ul style="list-style-type: none"> Constitution Committee Employment Conditions Committee Council Appeals Committee Policy Review & Performance Audit Committee Works Council
 <p>Christopher Weaver</p>	<p><i>Serving the Cathays Electoral Division, Christopher was elected on 03 May 2012 for the first time</i></p> <p>Serving on the following committee(s):</p> <ul style="list-style-type: none"> Democratic Services Committee Economy and Culture Scrutiny Committee Audit Committee

Past Membership 2014-15

 <p>Sir Richard Lloyd Jones</p>	<p>Richard Lloyd Jones was born 1933. Career civil servant who retired as Permanent Secretary and Accounting Officer of the Welsh Office in 1993.</p> <p>Chairman of the Local Government Staff Commission for Wales 1994-7 and Arts Council of Wales 1994-9.</p> <p>Chairman, Age Concern Cymru 1999-2005 and Vice Chairman of Age Concern England 2005-9.</p>
 <p>Jayne Cowan</p>	<p><i>Serving the Rhiwbina Electoral Division, elected on 03 May 2012. Jayne was first elected on 06 May 1999.</i></p> <p>Serving on the following committees:</p> <p>Portfolio: Leader of the Independent Group Constitution Committee Democratic Services Committee Policy Review & Performance Committee</p>
 <p>Gretta Marshall</p>	<p><i>Serving the Sploft Electoral Division, Gretta was elected on 03 May 2012 for the first time.</i></p> <p>Serving on the following committees:</p> <p>Constitution Committee Environmental Scrutiny Committee</p>

**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL:

24 SEPTEMBER 2015

CABINET PROPOSAL

DIRECTOR OF SOCIAL SERVICES ANNUAL REPORT 2014-15

Reason for this Report

1. The purpose of this report is for the Council to receive the sixth Annual Report of the Director of Social Services (Appendix 1) as required by the Welsh Government. The requirement is outlined in the document 'Statutory Guidance on the Role and Accountabilities of the Director of Social Services' issued under Section 7 of the Local Authority Social Services Act 1970.

Background

2. From 2009-10, the Statutory Director of Social Services in each council in Wales has been required to produce and publish an Annual Report as part of an Annual Council Reporting Framework (ACRF) for social services.
3. The Report and the systems and processes established to inform its production have been refined and developed in 2014-15 to take account of learning from previous years. Feedback and comments received on the report this year will be taken into consideration during the preparation of future reports.
4. The Report was prepared following an in-depth analysis of the effectiveness of social care services. The resulting judgements and identification of improvement priorities are supported by performance information.
5. The report has been submitted to the Care & Social Services Inspectorate, Wales (CSSIW). At the time of writing CSSIW is finalising a review and analysis of the Report having triangulated this with evidence from other relevant site visits and inspections that took place during 2014-15. Once CSSIW have concluded this process, the Director of Social Services will receive a draft of the Chief Inspector's Annual Evaluation prior to its publication at the end of October. This evaluation will then be presented to a joint CYP and CASSC.

6. Feedback provided by CSSIW's Regional Director on 19 August, acknowledged that although there is a mixed picture in terms of overall improvement, performance indicators evidence good direction of travel. The inspectorate recognise that the realignment of operational responsibilities has brought about change and improvement in the delivery of services, balancing the pace of change against risk in the social care environment, particularly in relation to children. This is consistent with the assessment of performance outlined on pages 4-5 of the Director's Annual Report.
7. As with all Welsh Councils, their analysis will inform the development of an individual Inspection and Review Plan for Cardiff Social Services in addition to any other themed reviews or inspections included in the inspectorate's national annual programme.
8. The Social Services Improvement Agency (SSIA) supported the introduction of the ACRF and produced a 'toolkit' for use by authorities that provides guidance on the areas to be covered in the Report.
9. The priorities for action identified in the Annual Report are reflected in the Business Plans for Health & Social Care and Children's Services Directorates for 2015-16.

Issues

10. As required by the ACRF the report was finalised as a result of engaging managers and staff in a structured challenge process.
11. In previous years, the need to improve the opportunity for citizens who use or are eligible for social services to engage in some level of challenge prior to finalising the report and lessons learned has been noted. This year the Director and senior managers, alongside members of the Corporate Parenting Advisory Committee, engaged in a face to face challenge session with young people based upon their own analysis of the report. This was a positive and mutually beneficial experience and some of the key messages emerging from young people were:
 - Young people want to be consulted and want their opinions to be considered.
 - Contact is a key issue for young people, and they need to understand the reasons behind agreed contact arrangements (e.g. when contact is supervised / frequency of contact).
 - Young people do not like the acronym "LAC" as it suggests they are lacking something.
 - The Pathway Plan is an important document.

Scrutiny Consideration

12. The draft Director's Report was considered at a joint meeting of the Children & Young People and Community & Adult Services Scrutiny Committees on 29 July 2015 and has been amended in light of feedback from members.

Reasons for Recommendations

13. To receive the Annual Report of the Director of Social Services for 2014-15 in order to fulfil the responsibilities required by the Welsh Government in the document entitled 'Statutory Guidance on the Role and Accountabilities of the Director of Social Services'.

Legal Implications

14. The legal requirements to which the report relate are referred to earlier in the report. Further advice has been received which confirms that the report should be presented to full Council, following consideration and approval by Cabinet. There are no other legal implications directly arising from the report.

Financial Implications

15. There are no direct financial implications arising from this report.

COUNCIL PROPOSAL

Council is recommended to receive the Annual Report of the Director of Social Services for 2014-15

THE CABINET

24 September 2015

The following Appendix is attached:

Appendix 1: Director of Social Services Report 2014-15

The following Background Papers have been taken into account:

Statutory Guidance on the Role and Accountabilities of the Director of Social Services

Social Services Improvement Agency Annual Council Reporting Framework Toolkit

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City of Cardiff Council

Director of Social Services

Annual Report

2014 / 2015

CONTENTS

	FOREWORD	3
1	SUMMARY OF ACHIEVEMENTS 2014/15	11
2	SAFEGUARDING 2.1 Keeping Children Safe 2.2 Keeping Vulnerable Adults Safe	13 13 14
3	SUPPORTING CARERS 3.1 Young Carers 3.2 Adult Carers	16 16 17
4	SERVICES TO CHILDREN AND THEIR FAMILIES 4.1 Children in Need 4.2 Looked After Children 4.3 Resources – Children’s Services 4.4 Children in the Criminal Justice System 4.5 Supporting Disabled Children in their Transition to Adulthood	19 19 20 24 29 31
5	SERVICES FOR ADULTS 5.1 Assessment & Care Management 5.1.1 Services for Older People & Older People with Mental Health Illness 5.1.2 Services for People with a Physical and Sensory Impairment 5.1.3 Services for People with Mental Health Illness 5.1.4 Services for People with a Learning Disability 5.1.5 Services for People with Substance Misuse Issues 5.2 Reablement Services for People 5.3 Cross Cutting Services 5.3.1 Integration and Working with Partners 5.3.2 Commissioning 5.3.3 Direct Payments	32 32 32 33 34 35 36 37 38 38 39 40
6	THE ORGANISATIONAL CONTEXT 6.1 Finance 6.1.1 Finance – Children’s Services 6.1.2 Finance – Health & Social Care 6.2 Workforce 6.3 Complaints and Customer Satisfaction / Participation 6.3.1 Complaints 6.3.2 Customer Satisfaction / Participation 6.4 Corporate and Political Leadership and Support	41 41 41 41 42 43 43 44 45
7	APPENDIX Appendix 1 Financial Information	49 49

FOREWORD

As the Council's Statutory Director of Social Services it is part of my job to report to you annually on how well I think the Council's Social Services are performing overall. The report that follows relates to the 2014/15 year and is the result of a process of analysis on a service by service basis, undertaken by Operational Managers (OMs) in the previously separate Children's and Health & Social Care Directorates. Each OM's analysis was then subject to a process of challenge that included testing out with staff teams.

We have built on the changes to format and approach in preparing the report that were introduced in the last report, again with an emphasis on greater transparency. Although technical in nature the report also highlights key messages about how we are performing. A more accessible executive summary has been produced for publication and dissemination.

Headline Volumes in Context

Cardiff has a population of 354, 294 (as at 2014) with 73,087 children and young people aged 0-17 and 279,269 adults aged 18 and over. Of these, 2,557 are in receipt of services from Children's Services and 4,644 are in receipt of services from Health & Social Care at any one time; many thousands cross our threshold during a given year. Thousands are helped to achieve better outcomes through the provision of short term support or who, as a result of a period of care, then go on to live independent lives.

Young person quote:

"You are really annoying like an itch, but when I get to you - you're lovely!"

Parent quote:

"Without the hard work, understanding and support of the Social Worker I could not have made the changes required."

Family quote:

Thanks for all the help, support, advice and everything else you have done for me and the kids. You are amazing 😊 and we are going to miss you."

Foster carer quote:

"Thank you so much for tonight the boys loved it. I have never met a social worker which has put so much care and work into children you're one in a million. A big thanks for dropping them home and C stayed in your car which is a step forward. They're all very positive tonight and their rooms look fab."

Professional quote (primary school Child Protection Co-ordinator):

"Thank you ... for the advice and support ... offered this afternoon - the social worker helped me to feel confident in dealing with different child protection issues which presented within the school this afternoon. I had a really positive experience ringing you this afternoon and wanted to pass on my thanks."

Health & Social Care service user quote:

“You helped me regain my independence on discharge from hospital. I was very frail and unable to even wash. Your ladies helped me back to where I was before my last hospital stay.”

Health & Social Care service user quote:

“Provided a professional service throughout. All staff members have been very friendly and considerate and have endeavoured to provide a complete care and support facility at all times.”

Children’s Services received 28,354 contacts in 2014/15, of which 4,195 became referrals. 650 children were being looked after at 31st March 2015, and 255 were included on the Child Protection Register.

Health & Social Care received 7,440 enquiries and 392 Protection of Vulnerable Adult referrals during 2014/15. 8,082 adults were assessed or reviewed during the year and 4,644 were in receipt of services as at 31st March 2015 (1,078 receiving residential and nursing care and 3,566 receiving community based services).

CARDIFF SOCIAL SERVICES OVERALL

I am pleased to be able to report that the City of Cardiff Council continues to improve in key areas despite severe financial pressures. These services are provided in a context of significant and continuing rises in demand and this presents real challenges in terms of ensuring consistency in the quality and standard of service in some key areas. Services for vulnerable adults and children remain a clear priority for the City of Cardiff Council and the Council continues to afford social care services a high degree of relative protection. I nevertheless share with fellow Directors of Social Services, a very troubling concern that continued reductions in local government finances overall, threaten the sustainability and viability of community based services that contribute significantly to wellbeing. We also know that there are areas of social care services that require additional attention to improve, some significantly so. Our strong strategic focus on service improvement has enabled us to create the conditions for success in those areas, but again the financial context makes this all the more challenging.

In relation to Children’s Services, during 2014-15 the Directorate focussed on improving performance in relation to indicators that have the greatest significance for safe and effective practice concerning children. Those selected for this focus are based on guidance agreed between the Association of Directors of Social Services (ADSS), the Care & Social Services Inspectorate, Wales (CSSIW) and the Welsh Local Government Association (WLGA). The annual outturn demonstrated overall improvement against these PIs, with some exceptions, and the overall trend is positive. By contrast, performance against a number of national PIs that are designated as National Strategic Indicators and Performance Accountability Measures was less encouraging in 2014-15. It is the Directorate’s intention to focus on these PIs when further improvement in relation to those agreed by the ADSS, CSSIW and WLGA is more secure. The stronger strategic focus that has characterised the Directorate’s work in 2014-15 will provide a basis for improving performance against NSIs and PAMs. Similar considerations apply in relation to Adult Services.

Whilst performance against a proportion of indicators was below target and behind performance across Wales and in the benchmarking group (Swansea, Newport,

Caerphilly, Bridgend, Neath Port Talbot and Torfaen), it is encouraging to see that when compared to the 2013/14 outturn, 25 performance indicators (PIs) evidenced improvement in 2014/15. That said, it is not yet as good as it needs to be and the new Social Services Directorate will need to build on this platform to ensure much stronger performance in 2015/16 and for the future.

We are convinced that many of these challenges, financial, performance or otherwise can be responded to more effectively by joining forces across Council Directorates and combining resources to support the vulnerable in new ways. There are many examples where we have initiated new projects or secured real progress already during the year, including joint strategies in relation to housing and accommodation, smarter approaches to new technology, modernising working practices, integrated public access points or 'gateways' and engaging partners more productively. Nevertheless these will take time to make a direct impact and improve delivery for citizens and children. As our performance figures suggest below, there is encouraging progress but this needs to be accelerated and in some cases markedly so.

NATIONAL PERFORMANCE INDICATORS – ALL SOCIAL SERVICES				
Cardiff performance 2014/15 compared to local targets	17 on target	15 below target; above threshold for manager intervention	17 below threshold for manager intervention	9 not appropriate for target setting
Cardiff performance 2014/15 compared to 2013/14	25 improved	10 static	22 declined	1 not appropriate for comparison
Cardiff performance 2014/15 compared to Benchmark Group 2013/14	19 above	4 the same	33 below	2 not appropriate for benchmarking
Cardiff 2014/15 compared to Wales Average 2013/14	20 above	5 the same	31 below	2 not appropriate for benchmarking

A Stronger Focus on Strategic and Transformational Change

This year's report evidences a shift of focus in favour of strategic change in the way in which we deliver services whilst continuing the progress achieved 2013/14 in terms improving stability and service quality overall. This includes the establishment of a cross-cutting Corporate Safeguarding Board; extensive engagement by Children's Services and Health & Social Care in a range of integrated projects designed to re-shape services and in a growing and effective regional programme of greater service integration.

In Children's Services this includes substantial work on the development of an Early Help & Preventative Strategy; work to establish a Multi-Agency Safeguarding Hub; the initiation of a stronger approach to Quality Assurance; and the engagement of managers in the development of a new Workforce Strategy.

In relation to Adults much progress has been made in putting new Gateway arrangements in place; establishing a smarter and more effective commissioning methodology for domiciliary care; electronic tendering for residential care to enhance choice; new developments with the third sector to connect isolated and vulnerable people with volunteers; a programme of dementia training; and strengthening assessments for those with sensory impairments.

A New 'Social Services Directorate'

We have seen much progress over the last 2 years in securing a better overall position for a range of Adult and Children's Social Services. It is now clear that there is even more to gain by bringing together the two separate Directorates into a single integrated entity. This is particularly evident in relation to young people's transitions in adulthood, whole family approaches to addressing vulnerability and disadvantage and shared access and referral arrangements. The arguments in terms of bringing workforce development, performance, quality assurance and strategic development capacity under unified and singular professional leadership are also compelling. We are confident in light of these issues and the advent of Social Services & Wellbeing (Wales) Act 2014, that the timing is now right to establish a single Social Services Directorate under a single Director.

"More than Just Words"

Significant progress has been made during 2014/15 including:

- The Welsh Language Co-ordinator has designed and delivered a training session to all managers in Health & Social Care and is continuing to develop the programme for other groups. The session comprises of Welsh Language awareness, presentation of the Mwy Na Geiriau framework with an action plan for managers to include skills assessments for all staff in the Directorate.
- Asking service users if they had the opportunity to communicate with social care staff in Welsh, is now a mandatory question in the customer satisfaction feedback exercise with all service users.
- Language need is included in the weighting of service provision within the bidding processes used in Cardiff for the commissioning of domiciliary care and residential and nursing care.
- The Welsh Language Co-ordinator met Independent sector providers to look at Mwy Na Geiriau requirements and also their activity co-ordinators to suggest ways to include Welsh in their events and activities with service users.
- We have installed the Gofalu trwy'r Gymraeg app on the mobile devices which will be issued to all home care staff in a new home care initiative due to be launched in July 2015. We are planning to deliver Welsh Language awareness training to care staff to support this.
- We now have a corporate objective in our Directorate Business Plans to 'Assess your team's capacity to deliver a Welsh bilingual service'.

There is much still to do and we have strengthened our programme of activity so that the progress can continue into 2015/16 and sustain the Action Plan for Year 3 of the Strategy.

SERVICES FOR ADULTS

NATIONAL PERFORMANCE INDICATORS – HEALTH & SOCIAL CARE				
Cardiff performance 2014/15 compared to local targets	1 on target	3 below target; above threshold for manager intervention	5 below threshold for manager intervention	2 not appropriate for targeting
Cardiff performance 2014/15 compared to 2013/14	3 improved	1 static	7 declined	0
Cardiff performance 2014/15 compared to Benchmark Group 2013/14	3 above	0 the same	7 below	1 not appropriate for benchmarking
Cardiff 2014/15 compared to Wales Average 2013/14	4 above	0 the same	6 below	1 not appropriate for benchmarking

KEY MESSAGE – *Services for vulnerable adults remain a top priority for the Council, receiving strong support from the Cabinet and the Chief Executive. We are particularly committed to enhancing prevention to maximise the opportunities for people to live as independently and safely as possible.*

During 2014/15 the Health & Social Care Directorate's main focus has been on managing the increasing demand on already pressurised services. As a result, service delivery has continued to move from a dependency model, changing the emphasis to what people can do, rather than what they cannot do. The main priorities have been to increase access to universal services whilst reducing dependency through prevention and early intervention to improve capability and maximise skills.

This greater focus has included:

- A new Independent Living Service to provide a holistic service to users over the age of 60, to enable them to remain independent and in their own homes.
- Supporting more people to live independently within their own home – reaching a total of 3,324 in receipt of home care and residential packages at the end of Quarter 4.
- Exceeding our target of 65% with people who we have helped back to independence due to the increase in numbers accessing reablement services.
- Increasing the number of completed carers' assessments during 2014/15 by 27% (from 469 in 2013/14 to 596 in 2014/15).
- Improving uptake of Direct Payments by 9.8% (from 501 in 2013/14 to 550 in 2014/15).
- Quarter on quarter increases in the number of Telecare users compared with 2013/14.

CHILDREN'S SERVICES

NATIONAL PERFORMANCE INDICATORS – CHILDREN'S SERVICES				
Cardiff performance 2014/15 compared to local targets	16 on target	12 below target; above threshold for manager intervention	12 below threshold for manager intervention	7 not appropriate for target setting
Cardiff performance 2014/15 compared to 2013/14	22 improved	9 static	15 declined	1 not appropriate for comparison
Cardiff performance 2014/15 compared to Benchmark Group 2013/14	16 above	4 the same	26 below	1 not appropriate for benchmarking
Cardiff 2014/15 compared to Wales Average 2013/14	16 above	5 the same	25 below	1 not appropriate for benchmarking

KEY MESSAGE – *Children's Services remains a top priority for the Council, receiving strong support from the Cabinet and the Chief Executive. The continued focus on improvement during the year has secured a much more stable service and created the conditions for future success. This has allowed the service to turn its attention to significant progress in key areas of strategic development, particularly around prevention and integration whilst sustaining work to improve practice on the ground.*

2014/15 was a year of significant activity within Children's Services with realignment of services, the establishment of an integrated Safeguarding Unit and the establishment of a National Adoption Service. The overall picture is one of improvement, with improved performance reported against 22 national performance indicators. Areas that were prioritised during the year include:

- Timeliness of initial assessments - increased to 50.6% (2,044 / 4,042) from 40.1% (1,670 / 4,162) in 2013/14.
- Timeliness of initial child protection reviews – increased to 90.7% (486 / 536) from 83.8% (424 / 506) in 2013/14.
- Care plans in place at start of being looked after – increased to 75.0% (249 / 332) from 65.2% (192 / 307) in 2013/14.

During the year there was a focus on recruitment and retention – the percentage of social worker vacancies reduced from 30.1% in Quarter 1 to 24.8% in Quarter 4. Alongside this, the number of social workers employed via an agency from reduced from 55 to 32 and our turnover of staff decreased from 20.3% in 2013/14 to 14.8% in 2014/15. This, along with the improvements noted above lays the foundations for continued improvement in 2015/16.

FUTURE CHALLENGES

Top 4 Challenges facing Cardiff Social Services:

1. Reduce the cost of delivering social services in the context of a shrinking budget base.
2. Ensure strategic and operational alignment with the requirements of the Social Services & Wellbeing (Wales) Act 2014, paying particular attention to improved outcomes for citizens, children and young people.
3. Maximise the contribution of partners in the delivery of effective social care for children, young people and adults.
4. Sustaining and developing an effective workforce that is able to respond to the expectations associated with the Social Services & Wellbeing (Wales) Act 2014.

Top 7 challenges for Children's Services:

1. Finalise and implement a refocused Early Help & Prevention Strategy with partners to ensure timely services are provided at the lowest possible level to meet need.
2. Develop and implement new inter-agency arrangements for managing referrals and demand at the front door to ensure appropriate referrals are received.
3. Prepare a Looked After Children Strategy that aims to make the experience of being looked after or leaving care the best that it can be within resources; promotes stability; enables children to form secure and permanent attachments; and in collaboration with Education and others, improves their life chances and outcomes.
4. Resolve a coherent inter-agency Child Sexual Exploitation Strategy that protects and empowers children and young people and that confronts and tackles perpetrators effectively.
5. Develop and conclude a proposed model for the delivery of children's social services and social work intervention to improve the effectiveness and efficiency of services.
6. Progress the remodelling of services for disabled children across Cardiff to improve effectiveness and efficiency of services.
7. Extend and improve services to children and young people experiencing early emotional behaviour / mental health difficulties.

Top 8 challenges for Health & Social Care:

1. Deliver better integrated housing support and social care with health services to improve outcomes for those who need support to live independently.
2. Work with our health partners to reduce the total number of Cardiff residents who experience a delayed transfer of care from hospital.

3. Improve performance in the care planning pathway.
4. Increase the uptake of Direct Payments as an alternative to direct provision of care for Cardiff residents.
5. Support Carers by ensuring that all Carers are offered a Carer Assessment and increasing the number of Carer Assessments undertaken by 2016.
6. Expand the range of supported accommodation options for vulnerable young adults.
7. Work in partnership with other stakeholders to protect vulnerable adults from harm through developing a coordinated programme of training and awareness for all front line staff.
8. Improve the effectiveness of transitional support for disabled and vulnerable children approaching adulthood.

1. SUMMARY OF ACHIEVEMENTS 2014/15

Much has been achieved by committed staff teams in all service areas at a time of increasing demand and pressure. These are some of the highlights:

1. Integrated Safeguarding Unit across Children's Services, Health & Social Care and Education established.
2. Cardiff hosted National Adoption Service established.
3. Realignment of Children's Services.
4. Successful recruitment of social workers to Children's Services.
5. Improvement in timeliness of initial assessments in Children's Services from 40.1% (1,670 / 4,162) in 2013/14 to 50.6% (2,044 / 4,042) in 2014/15.
6. Reduction in average social worker caseloads in Children's Services case management teams from 24.5 at 30th June 2014 to 19.7 at 31st March 2015.
7. Positive LAC Inspection report.
8. Progress towards implementation of Enhanced Fostering Scheme in 2015/16.
9. Introduction of weekly Legal Surgery to avoid drift or delay in care planning for children and young people.
10. Secured joint funding with the Vale of Glamorgan Council and the Cardiff & Vale University Health Board for senior change manager capacity.
11. Strengthened corporate parenting governance arrangements through the establishment of a Corporate Parenting Advisory Committee.
12. Secured more effective provision for Advocacy.
13. Delivery of best practice training re: looked after children to 208 staff.
14. Delivery of training re: Child Sexual Exploitation and Human Trafficking to 115 staff.
15. Secured senior commitment to the establishment of a Multi-Agency Safeguarding Hub (or similar model).
16. Refreshed partnership governance in relation to children and families.
17. Successful delivery of Integrated Assessment implementation on 30th April 2014.
18. Implemented 'Proactis' (Electronic Tendering System) in August 2014 to improve the care and nursing home market position for older people.
19. Commenced introduction of the 'Matrix' APL system to improve the commissioning of Domiciliary Care for all service user groups in July 2014.

20. Deployed 2 Carer Support Officers in hospitals funded through the Carers' Measure.
21. Implemented a more effective operational process for transition from Children's Services to Health & Social Care.
22. Third Sector partnership contract awarded to "Age Connects" in October 2014 for a 12 month pilot project, which is mapping available third sector resources available to older people in communities and will inform future commissioning plans.
23. Developed a Dementia Reablement Training Programme to ensure that staff working in community settings are fully equipped with the knowledge and skills necessary to support people with dementia.
24. Co-located 2 Community Resource Teams (CRT's) in Cardiff in partnership with the Cardiff & Vale University Health Board (C&V UHB) at the end of March 2014.
25. Worked closely with the C&V UHB to develop Mental Health deaf services during 2014/15.
26. Worked in partnership with the C&V UHB and the Vale of Glamorgan Council to improve the governance through the Deprivation of Liberty Safeguards (DoLS) Partnership Board and to analyse demand, prioritising action to deliver Deprivation of Liberty Safeguards Assessments following the Supreme Court Judgement.
27. Joint Autistic Spectrum Disorder (ASD) Steering Group developed a robust action plan to deliver the ASD Strategy in collaboration between Cardiff Council, Vale of Glamorgan, C&V UHB, third sector, parents and service users.
28. Day Opportunities Strategy for Learning Disability 2014-17 delivered and number of meaningful daytime opportunities based on the 'progression' model increased.
29. Community Alcohol and Drug Team (CADT) established a service for 5 homeless individuals in February 2015.
30. Implemented and delivered the Regional Collaboration Fund and Intermediate Care Fund Projects.
31. Extended the Assessment and Review customer satisfaction survey to include the Learning Disability Teams and the Mental Health Services for Older People Teams. This year we have started to use the information from the surveys to inform the Provider Quality Scores for Domiciliary Care.

2. SAFEGUARDING

The Independent Safeguarding and Review Unit was set up in October 2014, and follows the establishment in October 2013 of the regional Cardiff and Vale of Glamorgan Local Safeguarding Children Board (LSCB), which provides strategic governance in relation to the effectiveness of multi-agency safeguarding arrangements for children.

The role of the newly established safeguarding unit is principally one of Quality Assurance and encompasses three main elements.

1. Providing independent advice, review, monitoring and challenge concerning safeguarding practice in relation to children and vulnerable adults in Cardiff.
2. Providing Independent Review at regular statutory intervals of every Looked After Child's Care Plan and its delivery and ensuring appropriate attention to the needs of each child in keeping with the Care Plan; providing the same role in relation to care leavers' Pathway Plans.
3. Providing a leadership and guidance role to the wider council in support of corporate safeguarding governance.

As such it is operationally responsible for:

- Statutory Independent Reviewing Officer functions and Child Protection Case Conference arrangements for children.
- Statutory processes and practice to support the protection of vulnerable adults (POVA).
- Statutory safeguarding duties in relation to children in education, or affected by licensing and chaperoning.
- Hosting the Regional Safeguarding Children Board and associated infrastructure.
- Supporting the functioning of the Corporate Safeguarding Board.

2.1 Keeping Vulnerable Children Safe

The roles of Case Conference Chair and Independent Reviewing Officer have been merged, increasing capacity.

Two further posts have been established to strengthen safeguarding - an Integrated Family Support Services (IFST) Reviewing Officer and Pathway Plan Reviewing Officer. Funding was secured in addition to undertake key auditing, investigative and development work in relation to Child Sexual Exploitation (CSE).

A Corporate Safeguarding Board was established and developed an action plan to significantly strengthen corporate safeguarding compliance and respond to the improvement proposals made in the October 2014 Welsh Audit Office report following its study of corporate safeguarding arrangements in the Council.

Considerable work was undertaken with partners and particularly the police to develop a coherent Child Sexual Exploitation (CSE) Strategy in response to national concerns arising from Rotherham, Oxfordshire and elsewhere. This key inter-agency strategy is on target for final sign off by Cardiff and the Vale Safeguarding Children Board in July 2015 and by the Council's Cabinet. Meanwhile a number of specific initiatives were undertaken to strengthen operational effectiveness. These included a revision of the Children's Services database to enhance intelligence gathering and developing new panel arrangements to

quality assure and oversee all Children's Services cases where CSE vulnerability is identified.

The Director has been substantially involved in the work of the South Wales Regional Safeguarding Forum in considering a range of strategic developments to strengthen safeguarding including the regional and national response to CSE.

Cardiff and Vale of Glamorgan Local Safeguarding Children Board

Having been established in December 2013, the new Board has been able to consolidate its partnership working and refocus on joint safeguarding priorities including its key role in undertaking Child Practice Reviews; quality assuring practice through case audit; ensuring an effective and dynamic training programme for all professionals; and linking with the wider national agenda. The Board also agreed, in the absence of an appropriate regional forum for focusing on effective developments in relation to services for children to provide support to a strategic development programme that includes:

- The establishment of a Multi-Agency Safeguarding Hub in Cardiff.
- Remodelling Services for Disabled Children.
- Remodelling Services for Children with Emotional & Mental Health Difficulties.

Areas for Development in 2015/16

- Finalise and commence implementation of the inter-agency Child Sexual Exploitation Strategy.
- Clarify and strengthen governance arrangements in relation to safeguarding concerns that currently 'straddle' Council Directorates or multi-agency partnerships, e.g. honour-based violence, forced marriage, trafficking and radicalisation.
- Develop a Social Services Quality Assurance Framework to bring together the quality assurance and learning elements of key activities in the Directorate.

2.2 Keeping Vulnerable Adults Safe

A regional Cardiff and Vale of Glamorgan Safeguarding Adults Board was established in February 2014 and held its inaugural meeting in March 2014. The Safeguarding Adults Board provides strategic governance in relation to the effectiveness of inter-agency arrangements for the protection of vulnerable adults across Cardiff and the Vale of Glamorgan. During the year, the new board has been able to establish appropriate sub-groups, initiate developments to support effective performance management and develop an effective work programme to promote coherently integrated governance. A new quarterly activity report to support the board in its decision making has also been developed. The implementation of the Social Services & Wellbeing (Wales) Act 2014 (implementation 2016) will place the protection of vulnerable adults on a similar statutory footing as children, and this will strengthen the profile addressing the risks to vulnerable adults.

A number of developments to improve the commissioning of quality care services for citizens were initiated including:

- Introducing quality assurance frameworks / programmes to improve commissioning of domiciliary care and residential care for all service user groups commenced in July 2014. The objective of these new models of procurement commenced in

November 2014 with the introduction of the new Dynamic Purchasing System (DPS) and Proactis, and accredited provider list, is to drive up quality of care services for the safety and wellbeing of all those service user groups.

Monthly Joint Quality Monitoring Meetings (JQMM) are attended by representatives across health, social care and the inspectorate. The JQMM allows the attendees to address and prioritise concerns about service providers and can be a precursor to the invoking of the local authorities escalating concerns process. A Protection of Vulnerable Adults business plan which sets key priorities including work to strengthen risk assessment thresholds for invoking safeguarding actions, service user inclusion and satisfaction, and the mechanism / process for raising professional concerns.

Areas for Development in 2015/16

- Continue the strategic work programme of the regional Safeguarding Adults' Board to include:
 - A coordinated programme of training and awareness.
 - An effective suite of vulnerable adult monitoring reports regarding key safeguarding requirements to ensure that compliance is monitored and recorded.
- Develop a Social Services Quality Assurance Framework to bring together the quality assurance and learning elements of key activities in the Directorate
- Ensure that the implementation of the new safeguarding requirements of the Social Services & Wellbeing (Wales) Act 2014 in relation to vulnerable adults is effectively rolled out.

3. SUPPORTING CARERS

During the year we have developed a single inter-agency Carers Strategy across the City of Cardiff Council, Vale of Glamorgan Council and the Cardiff & Vale University Health Board (C&V UHB). This provides for clarity, consistency and accessibility in relation to joint policy commitments across the region and integrates strategic planning for Young Carers, Young Adult Carers and Adult Carers into one document.

The changes that will result from the Social Services & Wellbeing (Wales) Act 2014 will mean that:

- Carers will have equal status to service users.
- Carers will be entitled to services in their own right.
- The Council must provide a point of information and advice to which carers can be signposted.

3.1 Young Carers

Young Carers are generally children and young people under the age of 18 years who provide, or intend to provide, care, support or assistance to a family member. However it is recognised that the Young Carers concept extends up to the age of 25. The person with care needs may have a physical illness, or disability, mental health problems a sensory impairment, learning difficulties or may be misusing substances. The majority of Young Carers care for a parent, but the person with care needs may be a sibling, grandparent or any other family member.

There are a range of universal and targeted services for Young Carers across the city. Those Young Carers who meet the thresholds for Children's (Social) Services are also able to access the range of additional services. Children's Services has identified key officers in the Intake & Assessment Service, Family Intervention and Support Service and Child Health & Disability teams to lead on Young Carers' issues in order to strengthen the identification of Young Carers.

The significant focus for Cardiff Children's Services in developing the age-wide strategy was to ensure that it appropriately highlighted the specific impact that undertaking caring responsibilities for family members has on Young Carers and to link the strategy to obligations contained in the United Nations Convention on the Rights of the Child (UNCRC).

Work continued in 2014/15 to develop a range of materials such to increase awareness and support the identification of Young Carers across Cardiff and the Vale of Glamorgan. The most significant piece of work to come out of this work stream has been the development of an e-learning tool for professionals to enable them to identify and support Young Carers. The module has been actively promoted amongst Cardiff schools staff via the Education Psychology Service and to date it has been very well received. The introduction of this e-learning module in Cardiff schools has made a considerable contribution to awareness-raising and has strengthened the ability of teaching staff to recognise and identify Young Carers. However, this has not as yet had a significant impact on the number of Young Carers referred to Children's Services for an assessment of their needs.

The service remains committed to changing the arrangements for assessing the needs of Young Carers so that although these arrangements continue to sit with the Intake &

Assessment Service we are confident that integrating this within the Youth Service would be less stigmatising for Young Carers and stimulate an increase in referrals for support and help. Meanwhile, all Young Carers who became known to the service were assessed in 2014/15 and 83.3% (10 / 12) were provided with a service, compared with 68.4% (13 / 19) in 2013/14.

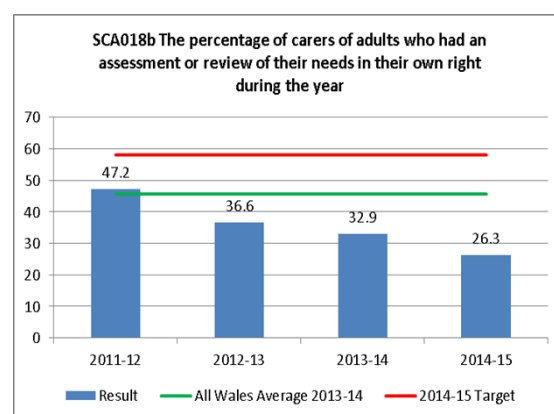
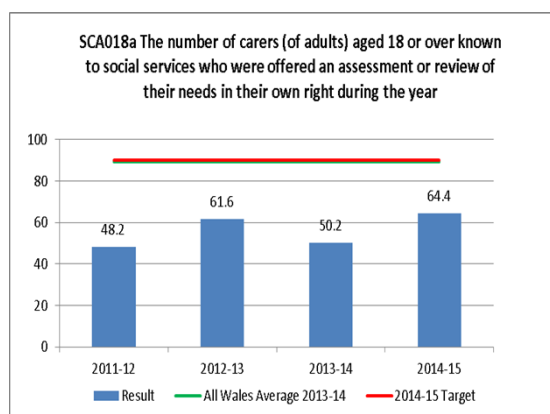
Areas for Development in 2015/16

- Develop and implement new arrangements for Young Carer Assessments.
- Roll out e-learning module for Social Workers and Social Care staff in Children's Services.

3.2 Adult Carers

Respite remains the most requested service to support carers and continues to be provided, usually through a package of care for the service user. We have also improved information provided to carers and made it more accessible by having it available through the Community Hubs.

We have improved the offer of a Carers Assessment to known carers (aged 18 or over) during the year. 64.4% (2,079 / 3,229) of known carers were offered an assessment of need in their own right compared with 50.2% (1,382 / 2,751) in 2013/14. There has also been an increase in the number of carers who had a completed Carers Assessment recorded (547 in 2014/15 from 454 in 2013/14). However, the rate of completion reduced to 26.3% (547 / 2,079) from 32.9% (454 / 1,382) in 2013/14, and this is an area that requires further attention.



The Carers Planning and Strategy Group has developed an interim Carers Strategy to be put in place with development of a longer term strategy starting once the Regulations and Guidance for the Social Services & Wellbeing (Wales) Act 2014 with regard to Carers are known.

Joint working with both the Vale of Glamorgan Council and Cardiff & Vale University Health Board has continued to improve, e.g. the holding of joint events for Carers Week and Carers Rights Day. This has also included the extension of the two Carers Support Officer posts in hospitals (funded through the Carers' Measure) who have supported 175 carers this year by providing advice and information or signposting to relevant organisations. They have also completed 76 Carers Assessments.

A review of all commissioned Carer services has been undertaken and resources are being realigned to reflect the most effective and sustainable way of delivering services that meet our current statutory obligations to carers in 2015/16.

The intended impact of the above is to support carers to enhance their quality of life, outside of their caring role, by providing a range of services to them and the person they care for.

Areas for Development in 2015/16

- Ensuring that all carers are offered a Carers Assessment.
- Significantly increase the completion rate of Carer Assessments.

4. SERVICES TO CHILDREN AND THEIR FAMILIES

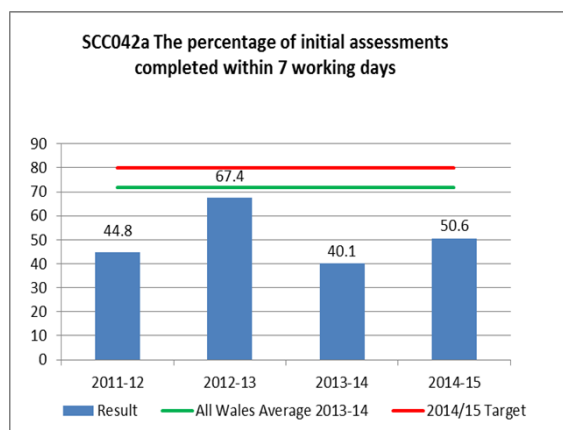
4.1 CHILDREN IN NEED

Services to children in need are provided by the Intake & Assessment Service and the Child in Need Service. As at 31st March 2015, Children's Services were working with 255 children on the Child Protection Register and 1,624 children in need.

The Intake & Assessment (I&A) Service provides a single point of contact to Cardiff Children's Services for professionals and members of the public via the Children's Access Point (CAP). The service undertakes initial assessments that determine whether or not the child meets the criteria for further assessment or provision of services. The Integrated Family Support Team (IFST) has been realigned with the Intake & Assessment Service - this has enabled early identification of families in crisis and allowed early intervention to avoid possible family breakdown.

Discussions in early 2014/15 concerning the establishment of a Multi-Agency Safeguarding Hub (MASH) accelerated in the final quarter following a visit to the Cwm Taf MASH. Key partners have now committed to this direction and joint funding has been agreed between the Council and the Police to progress implementation as a key priority for the Joint Local Service Board.

Performance in relation to the timeliness of initial assessments increased from 40.1% (1,670 / 4,162) in 2013/14 to 50.6% (2,044 / 4,042) in 2014/15. The 2014/15 outturn was adversely affected by very poor performance in the first quarter and inadequate performance in the second quarter, much of which was preoccupied with clearing backlogs. Under new leadership, significantly improved performance in the second half of the year gives us confidence that we can achieve performance in excess of the Welsh average in 2015/16.



An Early Help & Preventative Strategy has been developed in readiness for sign off by the Vulnerable Children and Families Board. The aim of this strategy is to provide the right level of support at the right time for families wherever they live in Cardiff.

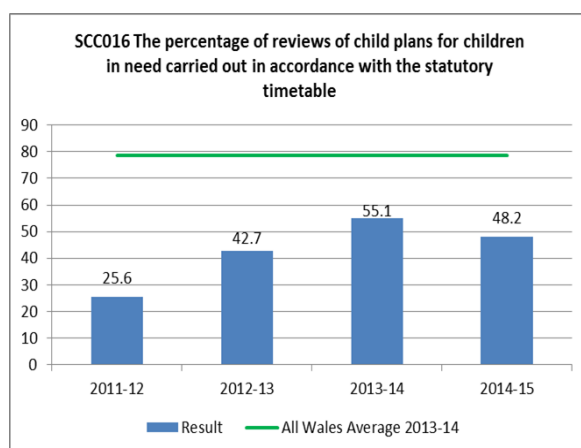
The Child in Need Service delivers case management services to children in need (including children with disabilities), children on the Child Protection Register or those who are within the Court arena.

An electronic tracker system has been introduced for any child subject to Court proceedings in order to ensure that all Court directed deadlines are adhered to. A "Legal

Surgery” scheme has been introduced with the objective of avoiding delay in assessments and care planning. It is anticipated that by adopting a proactive approach with regard to early intervention, assessments and care planning, only those children whose circumstances require legal intervention will be presented before the Court.

The Child Health & Disability teams have been realigned to sit within the Child in Need Service with the aim of significantly improving services for children with additional needs. The number of children accessing Direct Payments has increased by 45% to 110 at 31st March 2015, from 76 at 31st March 2014.

48.2% (1,324 / 2,748) of Child in Need reviews were held on time on 2014/15 compared with 55.1% (982 / 1,782) in 2013/14. Team Managers report that reviews are held which suggests that there are issues around how they are recorded and difficulties with reporting. The general view is that the figures are not an accurate representation of performance so work will be undertaken to improve recording and reporting in order that reported performance reflects reality.



Areas for Development in 2015/16

- Finalise proposals and implement new inter-agency arrangements for managing referrals and demand at the front door to ensure appropriate referrals are received (MASH).
- Develop a programme of work to engage effectively with schools and other agencies to ensure that referrals are appropriate and of high quality.
- Implement a refocused Early Help & Preventative Strategy with partners to ensure timely services are provided at the lowest possible level to meet need.
- Progress the remodelling of services for disabled children across Cardiff to improve effectiveness and efficiency of services.
- Review Legal Surgery pilot and implement lessons learned to avoid drift and delay in care planning.

4.2 LOOKED AFTER CHILDREN

The Looked After Children (LAC) Service provides case management services to looked after children and young people leaving care. As at 31st March 2015, Children’s Services

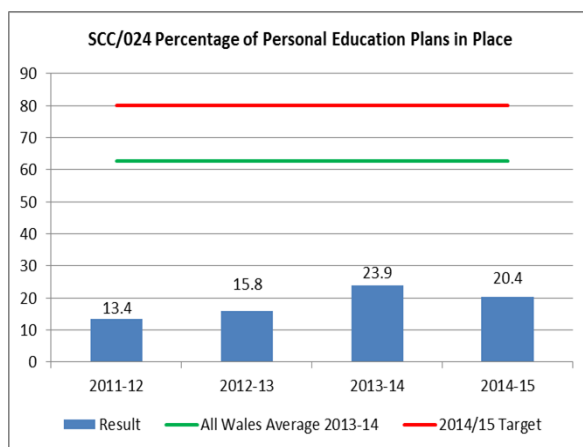
were working with 650 looked after children and 330 care leavers and asylum seeking children.

During 2014/15 progress was made in the following areas:

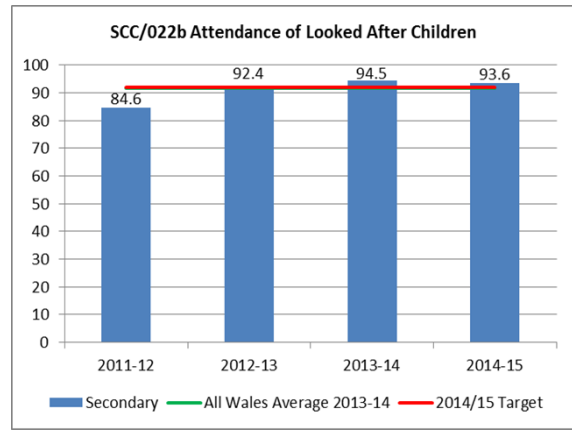
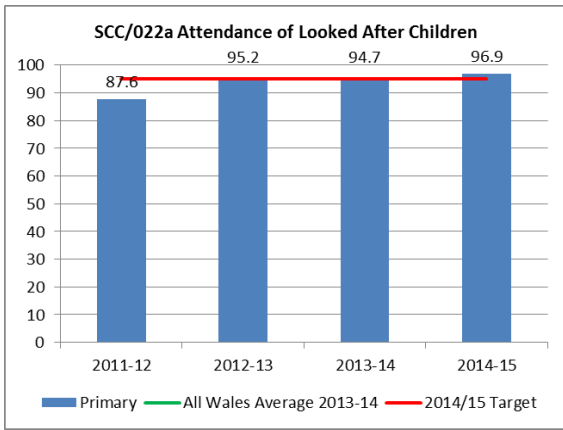
A National Inspection of Safeguarding and Care Planning of Looked After Children and Care Leavers Who Exhibit Vulnerable or Risky Behaviours, was undertaken by the Care & Social Services Inspectorate, Wales (CSSIW) in May 2014. No major concerns were raised and areas of good practice in Cardiff were cited in the local and national report; arrangements for safeguarding LAC were deemed to be reasonable. The impact of both the Inspection experience and the report was positive for practitioners in terms of recognition of good practice and recommendations for further development.

Educating LAC

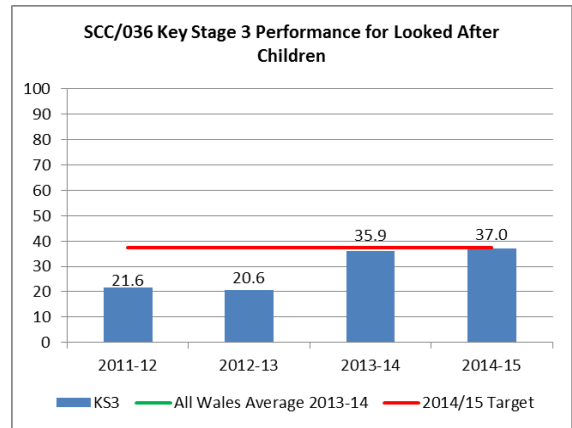
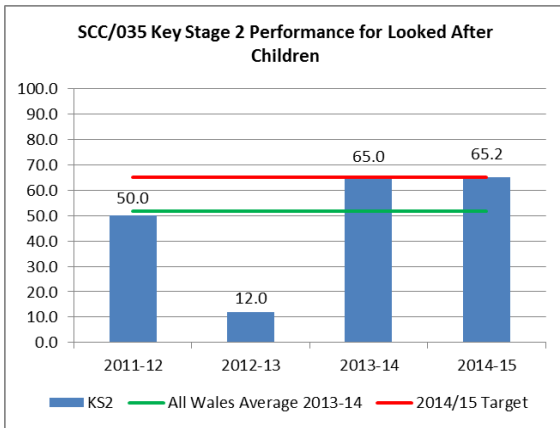
The process for completing timely Personal Education Plans (PEPs) was reviewed and adjusted in order to simplify and speed up the process to enable social workers to have a more realistic chance of completing the process within required timescales. Briefings were provided to social workers, teachers and foster carers jointly, in readiness for implementation on 1st May 2015. The impact of both the change and the briefings is to enable social workers to improve performance, for all stakeholders to have a better understanding of the process and of working together, all of which should have a positive impact upon children and young people and their education. This impact was not evident in the 2014/15 outturn - 20.4% (47 / 230) compared with 23.9% (51 / 213) in 2013/14 - as the change will not be introduced until early in 2015/16.



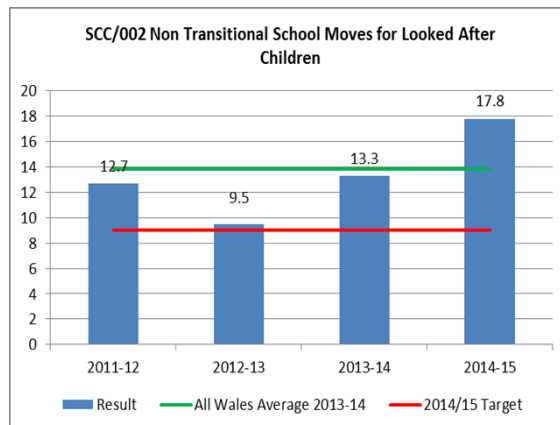
In 2014/15 Children's Services continued to work closely with Education to improve education outcomes for looked after children. Attendance rates for looked after children in primary and secondary school improved to 96.9% from 94.7% and 93.6% from 91.5% respectively. There were no permanent exclusions for the 4th consecutive year and the average number of fixed term exclusion days reduced to 4.9 from 6.6.



In relation to attainment, achievement of the Core Subject Indicator (Mathematics, Science and English / Welsh) at Key Stage 2 remained static at 65% (15 / 23 in 2014/15 and 13 / 20 in 2013/15), while performance at Key Stage 3 improved to 37.0% (10 / 27) from 35.9% (14 / 39).



However, the number of non transitional school moves for looked after children increased to 17.8% (68 / 382) from 13.3% (44 / 331) in 2013/14. Due to the rise in the number of looked after children during the year, there was an increase of 51 looked after children of compulsory school age. We are also aware that an additional 26 children were placed for adoption or adopted during the year, so some of these moves will have been for positive reasons.



Best Practice Training

The practitioner led development of a new suite of CareFirst exemplars for looked after children was completed, and Best Practice Training (again practitioner led) was delivered.

The impact of the developments and training has been very positive upon practitioners as they valued the changes and learning about them from the people who 'do the job'. The expected impact for looked after children is that recording will be of a far better quality. The Best Practice Training was highlighted at the All Wales Looked After Children Summit in Quarter 4. Work is almost complete on a further suite of documents related to Pathway Plans and further practitioner led training will be delivered.

Strengthened Placement Monitoring

The LAC Service Management Team continues to review cases of children placed in residential care or out of area on a monthly basis to ensure that new placements are found for any child or young person whose needs can be better met by returning them to a Cardiff area or fostering placement. In 2014/15 the service was successful in returning 6 children from out of area placements and in addition realised £365,000 savings. Managers are also undertaking monitoring visits to placements to strengthen our assurance arrangements in terms of placement suitability, safeguarding and value for money.

Enhanced Fostering Scheme

Key staff within the LAC Service have been involved in the commissioning and tendering process for the Enhanced Fostering Scheme. The scheme will become operational early in 2015/16. The impact for the staff involved was an ownership of the scheme which is vital for the scheme to succeed. The expected impact for children and young people is the opportunity to 'step down' from residential care / not enter residential care and to live closer to home in a family setting with wrap around support. The expected impact for the service is to realise significant savings in the budget.

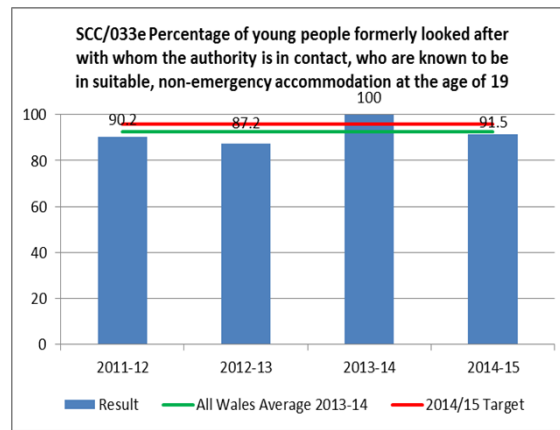
The LAC 14+ Team Managers arranged and delivered two development days for staff in the whole service and one jointly with the Personal Adviser (PA) Service, both of which had a very positive impact upon morale and practice.

Council LAC Traineeship Scheme

The Council Traineeship Scheme for looked after children became fully operational, with a Coordinator appointed in Quarter 4. The scheme has already had a very positive impact upon the 5 young people enjoying placements, with 20+ youngsters awaiting placements. Council Directorates have been very encouraging and supportive of the scheme and the young people. 56.1% (32 / 57) of care leavers aged 19 were in education, training or employment in 2014/15, compared with 53.2% (25 / 47) in 2013/14.

Housing and Accommodation – New Initiatives for LAC

Key staff in the LAC 14+ team were integral in progressing work with Housing to develop the range of accommodation available to care leavers and homeless young people. There has been a really positive impact in terms of savings, and in reducing the use of bed and breakfast places to zero, which can only have a positive impact upon young people. There is a broader positive impact for staff in terms of morale as the relationship between the two service areas has dramatically improved, and this in turn has a knock on effect for young people. 91.2% (52 / 57) of care leavers were in suitable, non-emergency accommodation in 2014/15, compared with 91.5% (43 / 47) in 2013/14.



Recognising LAC Achievement

Once again the service delivered the 'Bright Sparks' Awards Ceremony celebrating the achievements of looked after children and young people and recognising the contributions of key stakeholders in improving the lives of those youngsters. The event has a very positive impact upon all those who attend.

Areas for Development in 2015/16

- Further develop partnership working with Education to improve education outcomes for looked after children and care leavers.
- Prepare a Looked After Children Strategy that aims to make the experience of being looked after or leaving care the best that it can be within resources; promotes stability; enables children to form secure and permanent attachments; and in collaboration with Education and others, improves their life chances and outcomes.
- Contribute to the joint development of proposals with Health and other partners to support and improve the health of looked after children and care leavers.
- Improve the effectiveness of Pathway Planning to ensure that young people are supported in their transition to adulthood.

4.3 RESOURCES – CHILDREN'S SERVICES

The Strategy, Commissioning and Resources section of the Directorate is made up of a range of internally provided direct support services such as Fostering, Adoption, Supported Lodgings, Family Support and Intervention Services and the Personal Adviser Service.

The service area also provides a range of services that support Children's Services key functions such as Staff Learning and Development, Business Support, Placement Finding for looked after children (LAC) and Policy & Performance.

Additionally the service area is responsible for commissioning a range of externally provided services for LAC, such as independent fostering and residential placements (via the internal Placement Unit), Independent Advocacy and Independent Visitor Schemes, Enhanced Fostering Scheme and Supervised Contact Service, and sessional support and overnight respite services for disabled children.

During the year we became the first local authority in Wales to commission a Payment by Results Enhanced Fostering Service for LAC who are placed in high cost, externally residential provision outside Cardiff. This has been an innovative approach to commissioning involving a confidence panel of professionals / service users as part of the evaluation process. The new LAC Project takes the form of an Enhanced Fostering Scheme with wrap around therapeutic support and it will be operational in the first quarter of 2015/16.

We re-commissioned the Advocacy Service and Independent Visitor (IV) Service during the year and the change in provider brought with it opportunities to strengthen participation work within the service.

Adoption

Work with Rhondda Cynon Taf (RCT), Merthyr and the Vale of Glamorgan to develop a Regional Adoption Service has progressed significantly during the year with a launch date of 1st June 2015 for the new Vale, Valleys & Cardiff Regional Adoption Services (VVC) hosted by the Vale of Glamorgan.

The externally imposed deadline for establishing the service was challenging and unavoidable delays were encountered in the new regional adoption collaborative becoming operational. This had an unsettling effect on the service, with some staff deciding to seek alternative employment but this was been considerably mitigated by the use of two very experienced agency adoption managers who have had a very positive and steadying effect on the team. In terms of performance, the team continue to work hard to improve outcomes and more children have been placed for adoption and more prospective adopters recruited than in the previous year, despite the disruption caused by the move to a regional arrangement.

Cardiff was successful in its bid to host the central elements of the National Adoption Service (NAS) which included appointment to 4 posts in the central team, including the Director of Operations, commissioning of the website and implementation of the performance framework. Despite hugely challenging timescales for implementation, we were proud to launch the service on 5th November 2014, meeting all the Welsh Government's requirements.

Positive media coverage of the launch of the National Adoption Service (NAS) exceeded expectations and the achievements related to the launch of the NAS reflected well on the City of Cardiff Council's ability to host such a prestigious national service. We are beginning to see the positive impact that the central elements of the NAS is having – particularly in relation to the promotion of partnership working between the regions and the Voluntary Adoption Agencies and through the positive media attention on adoption that the NAS has been able to promote. On a local level, this has had a significant impact on the numbers of people expressing an interest in becoming adopters since the NAS was launched in November 2014.

Fostering

Our Fostering Service was inspected by the Care & Social Services Inspectorate, Wales (CSSIW) in February 2015. The inspection report noted the following improvements since the last annual inspection:

- The management team had strengthened.
- Children had been consulted during foster carer support visits.

It also identified the following areas that the service does well:

- Retained an experienced group of foster carers.
- Benefitted from a motivated and experienced staff group.

Whilst some progress has been made to evidence the quality of the service provided and the impact on children and young people, it is acknowledged that there remains much to do in order for the Fostering Service to develop a robust outcomes based performance framework and this will be a priority for 2015/16.

Work has continued on the Fostering recruitment campaign and the branding was strengthened this year by using stories of real foster carers and how they had made a positive difference to the lives of the looked after children they cared for. It is disappointing that the campaign has not generated a spike in recruitment figures and at the time of writing this review, the Fostering Service had recruited 5 mainstream foster carers and had received 86 expressions of interest. 2 carers were being assessed at the time of writing. At the same time the number of children placed in external foster placement has increased. Additionally the Fostering Service approved 2 kinship foster carers in addition to its main stream carers.

It should be acknowledged that in addition to recruiting and supporting / supervising mainstream foster carers, the Fostering Service undertakes considerable work on assessing the viability of family members becoming kinship foster carers. 80 joint viabilities have been undertaken with Case Management social workers and a specific viabilities assessment project was undertaken in this year in conjunction with one of the Child in Need (CiN) Teams. This was challenging given the demands placed on the Fostering Service with no additional resources. The Fostering Service undertook 17 full viabilities during the pilot project. Between 1st April 2014 and the 31st March 2015 there were also 13 new notifications received regarding potential private fostering arrangements. The Fostering Service completed 4 full Private Fostering assessments and at the time of writing this summary had 5 Private Fostering cases open.

It is acknowledged that continuing improvements need to be made in respect of raising awareness, as the number of Private Fostering arrangements that that are currently known to the Cardiff Fostering Service are lower than would be expected. It is expected in the future that a planned, consistent and sustained approach by the City of Cardiff Council to ensure that Private Fostering is positively and publicly promoted across its target audience will further raise the awareness of Private Fostering and that this will begin to be reflected in the figures given in the Private Fostering Annual Report for 2015/16.

Prevention

Within the Cardiff Partnership, Children's Services has continued to lead on the development of an Early Help & Prevention Strategy. During the year, the well-established multi-agency Steering Group has developed a framework that promotes intervening early and as soon as possible to tackle problems emerging for children, young people and their families, or with a population most at risk of developing problems. The Strategy is expected to be launched in September 2015 following sign off by the Council and partner organisations who are represented on the Vulnerable Children and Families Programme Board.

The Early Help & Prevention Strategy recognises that for children whose needs and circumstances make them more vulnerable a coordinated multi-disciplinary approach is usually best, and work has been undertaken to develop an *Early Help Pathway* for accessing services and an *Early Help Assessment and Planning Process* with a Lead Professional to work closely with the child and family to ensure they receive all the support

they require. The approach relies on a range of *Targeted Services* being available to support these interventions (e.g. Flying Start, Families First). The approach recognises that *Specialist Services* will be provided where the needs of the child are so great that statutory and/or specialist intervention is required to keep them safe or to ensure their continued development. It is therefore expected that following its implementation, the Strategy will improve outcomes for families by intervening early. It is also expected that the Strategy's impact will result in a reduction of referrals to Children's Services and a reduction of 55 in Cardiff's LAC population over the first 3 years that the Strategy is operational.

Strategic Partnership Development Work

Work has been undertaken within the context of the Local Safeguarding Children Board (LSCB) to outline potential opportunities for integrated working across Cardiff and the Vale of Glamorgan Councils and the Cardiff & Vale University Health Board (C&V UHB) in order to support change and development in relation to the way that services for children and young people are delivered across the two local authority areas. Discussions between the two local authorities agreed the areas considered by the LSCB Executive in November 2014 and it has been agreed that tri-partite funding will be made available to establish a Business Change Manager post at OM level to progress the following priorities of the 3 statutory partners:

- **Disabled Children** - to take the development of a new service model on to the next stage based on the key concepts associated with a 0-25 year old service model.
- **Child & Adolescent Mental Health Service (CAMHS)** - to lead implementation of service change as part of the Cardiff and Vale Emotional and Mental Health improvement project to facilitate multi-agency change and integration of services for Children and Young People.
- **Front Door** - Remodelling front door referral management at Children's Services threshold - to support development of a Multi-Agency Safeguarding Hub or similar model.

Family Intervention and Support Service

This has been a challenging year for the Family Intervention and Support Service (FISS) as the future of the service was made vulnerable by the financial pressures on the Directorate for current and future years. The uncertainty of the future for FISS has meant that a key management post could not be filled during the year and gaps in management capacity has limited the amount of developmental work that the service has been able to undertake. Likewise the decommissioning of bespoke external family support services in 2014/15 put additional pressure on the in-house service to close some of the gaps arising from the loss for example of a Family Group Conference Service, a Specialist Service for Black and Minority Ethnic Families and specialist parenting Service for Parents with learning Difficulties. The proposal to externally commission the supervised contact service in 2015/16 has also posed challenges for the maintenance of the current service ahead of the service going out to tender. The newly developed Early Help & Preventative Strategy is designed to refocus partners on ways to address these gaps more effectively.

Despite the challenges, FISS continue to be responsive to the needs of families, providing evidence-based parenting interventions, supervised contact and an out of hours on call service that is managed via the Emergency Duty Team (EDT). There is evidence of the positive impact that FISS interventions have had on families to prevent breakdown, support placement stability for foster placements and promote re-unification of families where children have become looked after. Feedback received from families identified the positive impact that FISS interventions have had on family relationships and statistical data

suggests a level of success in reducing the need for statutory interventions such as children's names needing to be placed on the Child Protection Register (CPR) or remaining on the CPR.

FISS have also undertaken key pieces of work to develop the LATCH Service and its hosting of LATCH Social Worker posts and the transfer of LATCH Social Worker posts from Child Health & Disability teams to FISS has been a significant achievement this year and one that has strengthened relationships with the LATCH Charity and has increased its confidence in Children's Services to be able to appropriately meet its needs.

Care Leavers

Significant work has been undertaken with the LAC 14+Team, Care Leaver's Resources, Housing colleagues, and external partners to develop an accommodation pathway for care leavers and vulnerable homeless young people and a programme that will support vulnerable young people to develop the skills they need to successfully live independently. Unfortunately, this work has not progressed as quickly as we would have liked during the year as a result of conflicting pressures and a lack of officer capacity. It is expected that this work will get back on track in the last quarter of 2014/15 as relationships are rejuvenated and strengthened with colleagues from Housing – a key partner in this work.

The Joint Young Person's Accommodation Project had a new lease of life in February 2015 when it was re-launched as a project within the Vulnerable Children's Programme. Rapid progress is expected now that the status of the project has been elevated. It is also expected that closer work with colleagues from Housing will provide opportunities for Children's Services to benefit from resources such as Supporting People Funding. For example, a business case has been developed to utilise a small amount of Supporting People funding to enhance capacity in our Supported Lodging's Scheme. This will enable us to step down more care leavers and vulnerable homeless young people from expensive regulated placements in a more timely way, whilst ensuring that they receive the support they require via a supported lodgings arrangement, to prepare them for independent living.

The Personal Adviser (PA) Service has worked hard to recruit to vacant posts and increase its capacity during the year. The appointment to two new senior PA posts was a great success and this has strengthened the management arrangements within the team. Whilst recruitment is ongoing it is anticipated that the team will be fully staffed and able to offer a service to all of the young people who are entitled to a PA by Quarter 2 2015/16.

Feedback provided by young people during the LAC inspection that was undertaken during the year, provided evidence that on the whole, young people are satisfied with the service they receive from their PA and that they value the relationship they have with their PA and the support that they receive.

As a result of work undertaken by the Corporate Parenting Panel during the year concerning Transitions, Cabinet agree to increase the grant payable to care leavers on leaving care from £1,100 to £2,000.

Advocacy

Indications are that the new Advocacy service is operating well. It's remit is extended to provide advocacy for all children in need who require it in addition to looked after children and care leavers and the organisation has worked hard to raise awareness of the new scheme so that professionals and children and young people are aware of the advocacy and Independent Visitor entitlement and maximise the use of the service.

Areas for Development in 2015/16

- Re-commission the supervised contact service to better meet the level and range of need.
- Implement the Enhanced Fostering Scheme to increase the range of services in Cardiff and the surrounding areas for looked after children with challenging behaviour.
- Expand the range of supported accommodation options for vulnerable young adults in conjunction with Communities to increase choice for young people and optimise financial efficiencies.
- Optimise opportunities for working collaboratively across the region and more widely where there is potential to deliver more effective services.

4.4 CHILDREN IN THE CRIMINAL JUSTICE SYSTEM

The Youth Offending Service (YOS) aims to prevent and reduce offending and re-offending by young people. At 31st March 2015 the YOS was working with 216 young people under the age of 18.

During the year YOS has supported a reduced number of first time entrants (FTEs) – 133 from 187 in 2013/14. 130 children started statutory Court Orders, 97 children started Cautions and Conditional Cautions and 15 children went to custody, compared with 146, 137 and 19 respectively in 2013/14.

During 2014/15 the YOS has trained 20 new volunteers and delivered 3 training evenings to Justice's of the Peace. 14 staff have obtained AET accreditation to deliver education modules to young people.

A Remand Strategy has been agreed with Children's Services case management services.

The National Thematic Inspection of Community Safeguarding and Public Protection Incidents visited Cardiff in December 2014, having visited 30 sites in England and Wales in total. The focus of the inspection was to consider Cardiff's application of an Extended Learning Review (ELR) following the suicide of a young person in February 2013.

Feedback included the following:

- Recognition that the process had demonstrated strong partnership working between Children's Services and YOS.
- Recognition that the process was appropriately sighted and owned by the YOS Management Board and Local Safeguarding Children Board.
- Recognition that all of the above was underpinned and evidenced by a clear audit trail at each point and site of governance.
- Cardiff was alone amongst the 30 sites visited nationally in applying best practice in relation to the ELR.

All of the above has assisted in overall improvement of performance against the YOS key performance indicators particularly the FTE's following some adjustments in operational practice.

Areas for Development in 2015/16

- Explore the potential for further cohesion between the Early Help & Prevention Strategy and the Youth Offending Service (YOS) Prevention Policy and Practice Guidelines.
- Conclude a YOS restructure in the context of opportunities to further progress collaborative working and potential merger with the Vale of Glamorgan.
- Examine the way in which the YOS works with girls and young women and identify a range of gender specific resources.
- Complete this year's Youth Justice Board (YJB) audit in respect of prevention work and victim related work and identify any learning from the exercise.
- With the assistance of the information that the YJB re-offending toolkit will offer us from 1st April, explore how best to reduce re-offending rates.
- Integrate the arrangements associated with assuming responsibility for the Cardiff young person's Attendance Centre, into YOS management arrangements.

4.5 SUPPORTING DISABLED CHILDREN IN TRANSITION TO ADULTHOOD

It is widely acknowledged that the period of transition from childhood to adulthood is a potentially more challenging experience for a young person with a learning disability and/or physical sensory impairment. The emphasis is on making the transition as smoothly as possible, to ensure it is a positive experience at a time of significant change. Health & Social Care provide or arrange a range of support services during this period of change including social work support, advice and information and liaison with health services.

In 2014/15, 40 cases were transferred across from Children's services to Health and Social Care.

We have implemented a more effective operational process for transition from Children's Services to Health & Social Care by:

- Streamlining the operational transition group to ensure all intelligence is shared for future transition cases. Transition cases are identified and regular operational meetings take place to review the transfer of these across both Directorates.
- Conducting and completing a whole systems review of the transitions process. Recommendations to continue to improve the pathways for young people will be taken forward in a shared plan between the Directorates.
- Working with colleagues in Careers Wales, Cardiff and the Vale College and Child Health & Disability teams to help support those who wish to remain in local further education.

The intended impact of this is that the young person and their family / carer(s) are fully supported to make the right choices during this fundamental period of change.

Areas for Development in 2015/16

- Improve the effectiveness of transitional support for disabled and vulnerable children approaching adulthood to ensure a smooth transition to adulthood.

5. SERVICES FOR ADULTS

5.1 ASSESSMENT & CARE MANAGEMENT

The Assessment & Care Management (ACM) teams (in partnership with Health, the Vale of Glamorgan Council and the third sector) ensure the delivery of an effective assessment and care management service to individuals and their families, ensuring access to services to meet their social needs. This includes commissioning a range of services to meet eligible need, e.g. domiciliary care and supported living.

As at 31st March 2015, 7,626 adults were known to Health & Social Care teams. 3,566 were living at home with social care packages and 1,078 people had their residential or nursing care placements organised by us.

Some illustrations of the types of services provided for the remaining 2,982 adults known to Health & Social Care are:

- People in referral, assessment or care planning stage who are yet to be in receipt of a package of care.
- Adults in receipt of a package of care commissioned by health and social services involvement including Continuing Health Care packages.
- Carers known to social services who receive support, carers' assessment and reviews.
- People open to the occupational therapy teams and hospital teams.
- Adults in receipt of input from a support worker where community activities have been set up and monitored.
- A number of cases which are pending closure on the client record system.

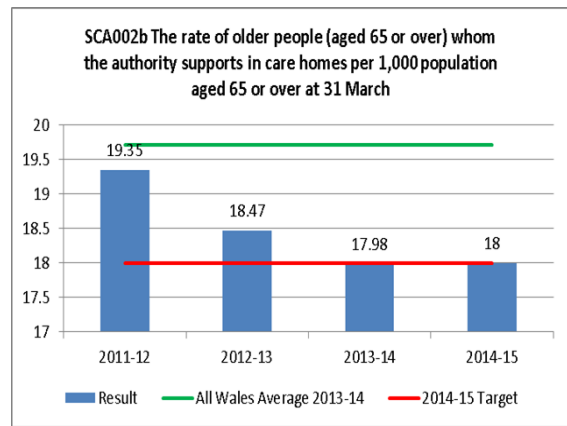
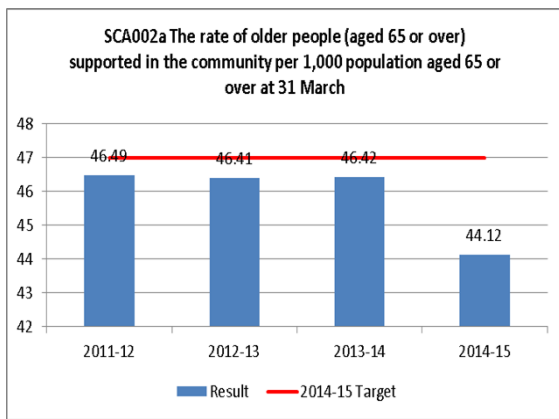
New monthly Assessment & Care Management (ACM) activity monitoring reports have been implemented and have been used for operational improvement and strategic planning.

5.1.1 Services for Older People and Older People with Mental Health Illness

Provides an assessment and care management function and social work intervention for service users, where there are complex ongoing needs and multidisciplinary support to older people with mental health needs, including dementia. The teams consist of social workers, nurses and psychiatrists.

The number of people supported aged 65 or over as at 31st March 2015 was 3,427, this included 537 older people with mental health illness.

The rate of older people (aged 65 or over) helped to live at home per 1,000 population aged 65 or over as at 31st March 2015 was 44.12. Please note that this PI has been identified by the Wales Audit Office (WAO) being as unsuitable for benchmarking due to local authorities applying different guidance. The rate of older people (aged 65 or over) whom the authority supports in care homes per 1,000 population aged 65 or over as at 31st March 2015 was 18.00.



To ensure that the service continued to meet its service delivery expectations during 2014/15 we have:

- Successfully delivered Integrated Assessment implementation on 30th April 2014. This has resulted in a simplified and streamlined assessment process for older people.
- Reconfigured the assessment case management and review teams in November 2014 to maximise capacity.
- In October 2014 a Third Sector partnership contract was awarded to “Age Connects”. This project has had great success in identifying and recruiting volunteers who are then matched with individuals in the community to help address social isolation.
- With regards to progressing with plans for the integration of health and social care services for older people with complex needs; during 2014/15 and in partnership with the Social Services Improvement Agency (SSIA), Health and the Vale of Glamorgan the Council developed a dementia training programme for reablement staff to support them when working with people with dementia.
- The service has also contributed to the 3 year dementia plan and continues to implement its Older Persons Strategy.

The intended outcome of the above is to continue to deliver a quality assessment process which meets peoples’ needs and keeps people safe - including focussing on individuals with dementia.

Areas for Development in 2015/16

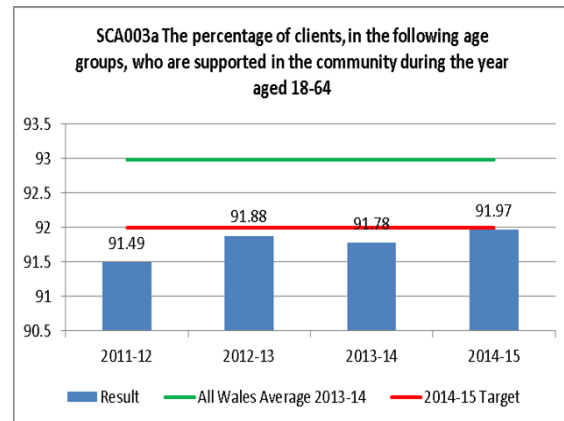
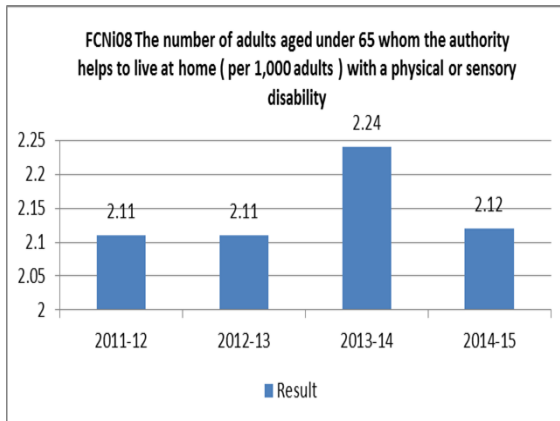
- Increasing the number of people who are able to remain at home, living independently and safely, with the minimal intervention, to promote their dignity.

5.1.2 Services for People with a Physical and Sensory Impairment

Provide social work intervention for service users, where there are complex ongoing needs, including people with a sensory loss affecting their sight, hearing, or both sight and hearing.

The number of people supported aged 18–64 with a physical impairment as at 31st March 2015 was 1,069. The number of people supported with a sensory impairment aged 18 years old and over was 626.

The percentage of users who were supported in the community during the year aged 18-64 was 91.97% (2,335 / 2,539) as at the 31st March 2015. The rate of adults aged under 65 whom the authority helps to live at home (per 1,000 adults) with a physical or sensory disability was 2.12.



From July to September 2015 and in partnership with Action on Hearing Loss and the Royal National Institute of Blind People (RNIB) we recruited and trained Sensory Loss Workers, who then began actively working in the hospital setting between October and November 2014. The role of the Sensory Loss Worker is to support people with sensory loss (hearing loss or sight loss, or both) who are in hospital, so that they return home able to manage their sensory loss better and live more independently as a result.

Health & Social Care also worked closely in 2014/15 with the Cardiff & Vale University Health Board to develop Mental Health deaf services to improve access for British Sign Language (BSL) signers to both Community Mental Health Teams (CMHTs) and in-patient hospital provision.

The intended outcome of the above is to continue to deliver a quality assessment process which meets people needs and keeps people safe - including focussing on individuals with a sensory loss.

Areas for Development in 2015/16

- Increasing the number of people who are able to remain at home, living independently and safely, with the minimal intervention, to promote their dignity.
- Client Record System (CareFirst) improvements.

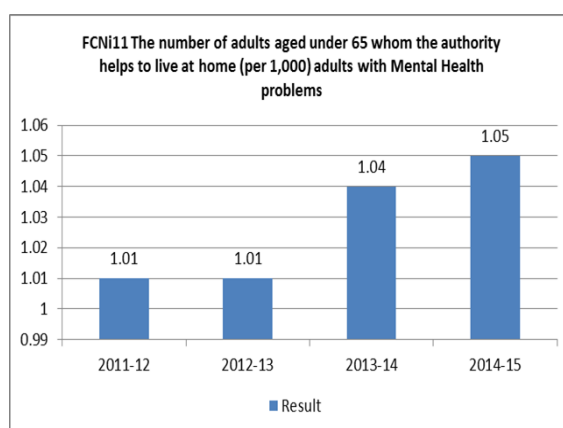
5.1.3 Services for people with Mental Health Illness

The City of Cardiff Council Health & Social Care Directorate works with the Cardiff & Vale University Health Board to deliver mental health services to adults of work age through 5 Community Mental Health Teams (CMHTs) and a Community Forensic Mental Health Team.

The CMHTs offer a multi-disciplinary care and treatment plan to adults of working age living with serious mental illness and rapid assessments and interventions for adults experiencing a mental health crisis.

The number of people supported with mental health illness as at 31st March 2015 was 1,411. Each CMHT receives an average of 80 referrals per month mostly from General Practitioners and hospital wards. 70% to 80% of the people referred to the CMHTs have their needs met during the assessment phase of the team’s interventions and are safely referred back to primary health care for ongoing treatment and monitoring. The remaining 20% to 30% require more in-depth specialist secondary mental health care and treatment from the CMHTs.

The rate of adults aged under 65 whom the authority helps to live at home (per 1,000) adults with mental health illness was 1.05 as at the 31st March 2015.



During the year we have continued to strengthen the working relationships with the many GP practices across Cardiff through a series of Team Open Days.

We have also tendered for a new Floating Support service for adults with mental health illness living in their own homes that will enable people to live independently while being supported toward recovery.

We have revised an existing service agreement with a local Third Sector organisation to improve the service we can offer to carers and families of people with mental health illness.

The intended outcome of the above is to continue to deliver a quality assessment process which meets people needs and keeps people safe - including focussing on a recovery model to improve mental wellbeing.

Areas for Development in 2015/16

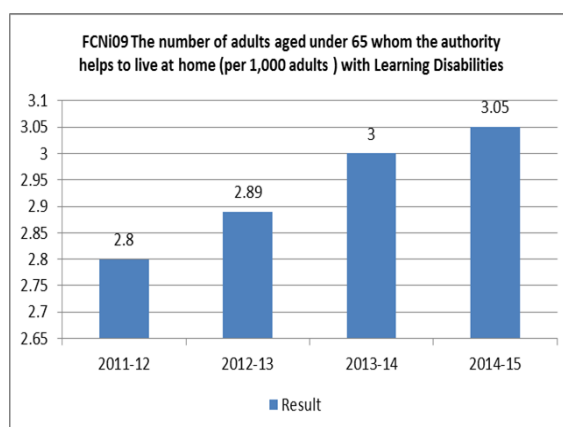
- Expand the range of supported accommodation options for vulnerable young adults.

5.1.4 Services for People with a Learning Disability

The Learning Disability Service is a multi-disciplinary service with social work, nursing and therapy staff supporting adults with a learning disability from the age of 18. The service also supports the transition process of young people moving into adult social care from Children’s Services.

The number of people supported with Learning Disability as at 31st March 2015 was 1,122.

The rate of adults aged under 65 whom the authority helps to live at home (per 1,000 adults) with Learning Disabilities was 3.05 as at 31st March 2015.



During the year Service Planning and collaborative working processes have been strengthened with the establishment of the multi-agency Cardiff and Vale of Glamorgan Learning Disability Implementation Group, with the remit to deliver the strategic priorities of the Learning Disability Strategic Board.

The joint Autistic Spectrum Disorder (ASD) Steering Group has developed a robust action plan to deliver the ASD Strategy in collaboration between The City of Cardiff Council, Vale of Glamorgan, Cardiff & Vale University Health Board, third sector, parents and service users.

The Day Opportunities Strategy for Learning Disability 2014-17 has been delivered and we have increased a number of meaningful daytime opportunities based on the 'progression' model.

A contract award in relation to the supported living provision for adults with a learning disability was secured.

The intended outcome of the above is to continue to deliver a quality assessment process which meets people needs and keeps people safe - including focussing on continuity of service, increased choice and quality.

Areas for Development in 2015/16

- Expand the range of supported accommodation options for vulnerable young adults.

5.1.5 Services for People with Substance Misuse Issues

The service offers interventions for people with drug and alcohol problems and their families. The number of people supported by the Community Alcohol and Drug Team (CADT) as at 31st March 2015 was 55.

During the year we continued to be stakeholders in the Entry to Drug & Alcohol Services (EDAS) consortium. Our priority during 2014/15 was to ensure the 'journey' from EDAS was as seamless and secure as possible.

The CADT established a service for 5 homeless individuals in February 2015. This was achieved with a Registered Social Landlord in identifying suitable accommodation. This suitable accommodation has assisted in improving the outcomes for these individuals.

The intended outcome of the above is to continue to deliver a quality assessment process which meets people needs and keeps people safe - including focussing on support and counselling.

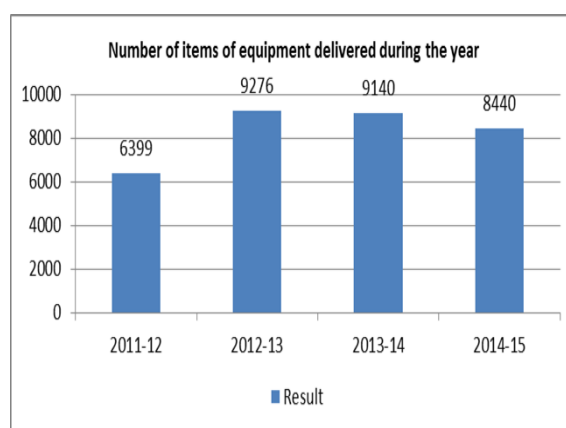
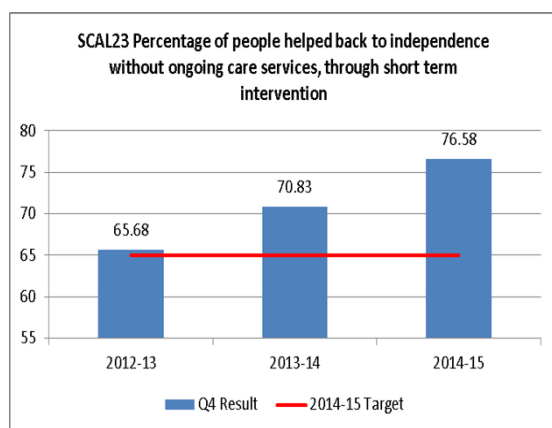
Areas for Development in 2015/16

- Develop an integrated approach with the Community Addictions Unit to improve outcomes for people with Alcohol Related Brain Damage, through the establishment of a joint monthly clinic.

5.2 REABLEMENT SERVICES FOR PEOPLE

Reablement is a short and intensive service, usually delivered in the home to help people who have experienced deterioration in their health and/or have increased support needs. The aim of the team is to help people regain skills or learn alternative ways of doing things that will keep them safe and independent at home.

The Council's Reablement service increased the percentage of people achieving full independence following reablement, to 76.6% (121 / 158) in Quarter 4 2014/15 from 70.8% (136/192) in Quarter 4 2013/14. There were 8,880 equipment deliveries during 2014/15 and 337 people received ongoing Telecare support.



With regards to Delayed Transfer of Care all regional partners (Vale of Glamorgan Council, Cardiff & Vale University Health Board) are meeting at senior strategic level early in 2015/16 to progress plans to continue to deliver on admission avoidance and to agree process redesign so that faster discharge can be facilitated.

A state of the art 'Smart House' has been developed. The Smart House provides a unique training facility which demonstrates a range of rehabilitation and re-ablement equipment as well as aids that promote and sustain independent living. The official launch will be in June 2015.

The co-location of 2 Cardiff Community Resource Teams (CRTs) in partnership with the Cardiff & Vale University Health Board was achieved in 2014/15 and work continues to improve the integration of services. The CRTs are a multidisciplinary service consisting of

social care and health professionals who support Cardiff citizens to live safely at home after an initial assessment.

Six flats have been remodelled as 'step-down' accommodation. The flats are located in Nelson House, Minton Court and Lydstep Flats. This project is aimed at alleviating problems associated with delayed discharge and transfers of care within hospitals.

The intended outcome of the above is timely discharge and increasing independence at home.

Areas for Development in 2015/16

- Increasing the number of people who are able to remain at home, living independently and safely, with the minimal intervention, to promote their dignity.
- Work with our health partners to reduce the total number of Cardiff residents who experience a delayed transfer of care from hospital.
- Implement the dementia reablement training programme.

5.3 CROSS CUTTING SERVICES

5.3.1 Integration and Working with Partners

To meet our challenges we must deliver what we do more efficiently. This includes collaborative working with our partners at the Cardiff & Vale University Health Board (C&V UHB), the Vale of Glamorgan, South East Wales region and the Third Sector. This has already created exciting opportunities, e.g. the successful bid and implementation of Cardiff & the Vale 'Gateway for Independent Living' Project.

During the year we have worked in partnership with other stakeholders to protect vulnerable adults from harm through our continued contribution and commitment to the strategic work programme of the regional Safeguarding Adults' Board.

The City of Cardiff Council worked in partnership with the Vale of Glamorgan Council, C&V UHB and Third Sector partners to produce the Dementia 3 Year Plan in conjunction with service users and carers. The Plan was launched in July 2014 at the Cardiff Metropolitan University.

We worked in partnership with Age Connects to help address social isolation and provide support to small community groups.

A new leadership group has been established to tackle Delayed Transfer of Care, consisting of Cabinet Members from the Vale of Glamorgan Council and the City of Cardiff Council, the Chair of the C&V UHB and other relevant officers.

During 2014/15 and in partnership with the Social Services Improvement Agency (SSIA) we developed a Dementia Reablement Training Programme to ensure that staff working in community settings are fully equipped with the knowledge and skills necessary to support people with dementia. The Council will deliver a Dementia Reablement Training Programme (for health and social care professionals and domiciliary care staff) from April / May 2015 onwards.

The co-location of 2 Community Resource Teams (CRTs) in Cardiff with the C&V UHB has improved partnership working between the organisations, enabling decisions to be made more efficiently.

During 2014/15, the Health & Social Care Directorate continued to further integrate Learning Disability services through the direction and priorities of the Learning Disability Strategic Board, and also worked with the C&V UHB to develop a model of Community Mental Health Care to improve efficiencies within the teams.

The Independent Living Fund (ILF) is due to close on 30th June 2015. We have worked closely with both Welsh Government and the ILF during the transition period and support has been given to ILF recipients, by designated social workers leading on the work.

We have worked in partnership with the C&V UHB and the Vale of Glamorgan Council to improve governance through the Deprivation of Liberty Safeguards (DoLS) Partnership Board and to analyse demand, prioritising action to deliver DoLS Assessments following the Supreme Court Judgement.

We have implemented and delivered the Regional Collaboration Fund (RCF) and Intermediate Care Fund Projects (ICF) projects, and we have begun work to implement a more effective operational process for transition from Children's Services to Health & Social Care for individuals with learning disabilities.

The intended outcome of the above is to work with people and partners to design, deliver and improve services.

Areas for Development in 2015/16

- Work with UHB partners on developing a 'Discharge to Assess' model, through enhancement of the Community Resource Team, with an emphasis on the individual's usual place of residence being the optimum environment in which to complete their integrated assessment, thus improving outcomes and reducing Delayed Transfers of Care.

5.3.2 Commissioning

During 2014/15 we have implemented the 'Proactis' (Electronic Tendering System) to improve the care and nursing home market position for older people.

The 'Matrix' accredited provider list (APL) system to improve the commissioning of domiciliary care for all service user groups was introduced in July 2014 and will deliver more personalised care services and a broader choice of services available for each citizen.

We have retendered the external supported living service contract for people with a Learning Disability, and in addition to this the Day Opportunities Strategy for Learning Disability 2014-17 has been agreed and Year 1 delivered.

The Older Peoples Commissioning Strategy was agreed in 2014 and is working alongside 'Meaningful & Purposeful Lives: Framework for Older People; Cardiff & the Vale of Glamorgan 2014-24. This is a partnership document supporting a 5 year plan for Older People.

The Physical and Sensory Strategy continues to be delivered through its 3 year action plan.

We have not been able to complete the development of a Mental Health Commissioning Strategy during 2014/15 but have worked closely with the Cardiff & Vale University Health Board in developing the Cardiff and Vale 'Together for Mental Health Strategy' and Delivery Plan which sets out the achievements and priorities for mental health services across a wide stakeholder group.

In October 2014 a Third Sector partnership contract was awarded to "Age Connects" for a 12 month pilot project, which is mapping available third sector resources for older people.

The intended outcome of the above is improved outcomes for people - value for money, better quality and more choice.

Areas for Development in 2015/16

- Carry out a review of Day Services that delivers a sustainable service that meets the needs of users.
- Review and analyse the benefits of the previous year's procurement projects to consider more effective and efficient ways of commissioning services in 2015/16.

5.3.3 Direct Payments

Direct Payments are regular payments made to people with care needs or to a named suitable person, so that individuals can make choices about the way they receive their care and take control of their care services directly.

Overall take up has improved over the year increasing by 9.78% (from 501 in 2013/14 to 550 in 2014/15); especially for people with learning disabilities where the increase for this group has been 35.71% (from 70 in 2013/14 to 95 in 2014/15). As at the 31st March 2015, the total number of adults using Direct Payments was 550, with an additional 51 people confirmed as 'Working towards Direct Payments'.

During the year we worked closely with our Direct Payments support provider to ensure people have the information and help they need to manage their Direct Payments. Discussions are ongoing with our support provider to agree service improvements, e.g. a formal system of a Personal Assistant Matching Service (PAMS) which makes available a relief pool of Personal Assistants to Cardiff citizens already on the Direct Payment scheme that can be suitably matched to their needs to cover contingency plan situations.

The intended outcome of the above is that people are empowered to have greater control over the care and support they receive, to help them live more independently.

Areas for Development in 2015/16

- Increase the uptake of Direct Payments as an alternative to direct provision of care for Cardiff residents.

6. THE ORGANISATIONAL CONTEXT

6.1 FINANCE

6.1.1 Children's Services

The outturn position for Children's Services for 2014/15 shows an overspend of £2,312,000 compared with £570,000 in 2013/14. The change largely reflects increases in external placements, Leaving Care support costs, higher external legal costs and court fees, additional Adoption fees and allowances, and the cost of the extension of the externally managed social work service (£225,000). During the year, Children's Services achieved £2.516 million of savings.

There has been an unprecedented growth in the number of children entering the looked after system with 37 more children requiring fostering during the year at an average placement cost per placement of £37,000 a year. There was also a gradual increase in residential placement numbers in 2014/15 (59 at 31st March 2015 compared with 52 at 31st March 2014).

The overspend on adoption reflects an increase in allowances and fees following a significant increase in the numbers placed for adoption in 2013/14 and 2014/15 - 45 children were placed in 2014/15, compared to 29 in 2013/14 and 16 in 2012/13. The increased expenditure on adoption has however prevented additional expenditure on more expensive forms of care.

6.1.2 Finance – Health & Social Care

The outturn position for Health & Social Care for 2014/15 showed an overspend of £5.242 million. Total savings of £3.229 million were achieved against the £6.213 million savings target, leaving a shortfall of £2.984 million in the financial year. This is reflected in the Directorate outturn position.

The overspend reflected pressures on externally commissioned services for older people, people with learning disabilities, people with physical disabilities and mental health services. It also reflects an increase in the level of care hours delivered via Direct Payments across the service (10%+) during 2014/15, albeit the combined growth of domiciliary care and Direct Payment hours was less than in previous years.

Responding to the budget and demand pressures that the Council and its public sector partners face during 2015/16 will mean redesigning the delivery and commissioning of services for the future.

Areas for Development in 2015/16

- Fully integrate the Directorate Business Plans, related improvement plans and key preventative strategies more effectively with the Medium Term Financial Plan.
- Realise 2015/16 savings commitment.
- Mitigate further growth in the number of children entering the looked after system.
- Ensure measures are in place to mitigate demand pressures in relation to adult social care.

6.2 WORKFORCE

Cardiff has continued to work closely with a wide and long-standing range of partners, as well as developing new initiatives with others such as Supporting Public Services Innovation using Design in European Regions (SPIDER). The Cardiff training manager has recently been appointed to the strategic Social Care in Partnership South East (SCIPSE) board.

In 2014/15 there was a re-alignment of staff within the training centre to streamline functions and consolidate resources. The training centre continued to facilitate a very wide range of ongoing and new programmes as follows:

- A robust and highly collaborative Local Safeguarding Children Board (LSCB) training and development programme.
- Joint training and development programme with the Vale of Glamorgan to optimise resources including the Integrated Family Support Team (IFST); Mental Health Teams; Cardiff & Vale University Health Board; joint Social Services & Wellbeing (Wales) Act 2014 (SSWB) training; Person Centred training; training development to support the newly established Cardiff and the Vale Safeguarding Adults Board; a new joint Fostering Induction Programme.

Strengthening regional collaboration across South East Wales also continues to play a significant role including the delivery of Parent Assessment Manual (PAM) training and Court Skills and Public Law Outline (PLO) / Family Justice Review training.

In an exciting development this year we have been working with the Social Services Improvement Agency (SSIA) in developing a dementia training resource for re-ablement to ensure that staff working in community settings are fully equipped with the knowledge and skills necessary to support people with dementia.

In addition, training delivery within the Directorates has supported key programmes of development including:

- Implementation of the 'All Wales Approach to streamlining Unified Assessment' for all relevant Health & Social Care staff.
- Supporting the delivery of the Children's Services Recruitment and Retention Strategy, particularly in relation to promoting Cardiff with hosted students, recruitment fairs and academic partners.
- Social Worker training secondment (12 students).
- SSIA Team Managers Development Programme.
- Social Worker Consolidation Programme (12).

Performance in relation to Personal Performance & Development Reviews (PPDRs) has improved with 88% and 84% compliance with finalisation of objective sheets and 83% and 87% compliance with 6 monthly reviews achieved by Children's Services and Health & Social Care respectively, at the time of writing. We recognise that there is room for even better performance and that the quality and content of PPDRs requires attention to ensure that objective setting is meaningful and aligned more effectively with strategic priorities.

We have strengthened our links with Cardiff Academy over the year making available an online booking system for external customers and expanding the use of e-learning training by Directorate staff.

As part of our role in sustaining the community wide social care sector we have made our training available and accessible to organisations outside of the Council, e.g. third sector and independent providers – 2,726 attendees from outside the Council accessed our training in the year to 31st March 2015. We recognise however that it is now timely to reinvigorate the Social Care Workforce Development Partnership and Strategy and the Director of Children’s Services took on the role as Regional Workforce Director for Cardiff and the Vale of Glamorgan.

Areas for Development in 2015/16

- Develop a Regional Workforce Strategy for Cardiff and the Vale of Glamorgan to support delivery of the Social Services & Wellbeing (Wales) Act 2014.
- Rationalise the Social Care Workforce Development Partnership on the basis of the regional footprint and in collaboration with Cardiff Academy.
- Develop a Quality Assurance Framework for Social Services to bring together the quality assurance and learning elements of key activities in the Directorate.
- Identify the key staff training and development requirements to enable social work services to be more effectively mobilised.
- Assess training needs to deliver a Welsh bilingual service.
- Extend the training elements of the Children’s Services Recruitment and Retention Strategy.

6.3 COMPLAINTS AND CUSTOMER SATISFACTION / PARTICIPATION

6.3.1 Complaints

It is clear that the current arrangements for managing complaints separately in relation to children and adults receiving social services do not effectively support a coherent approach to quality assurance across social services as a whole and this hinders effective learning from their outcomes. Performance in relation to complaints is variable as a result. The advent of a newly integrated Social Services Directorate provides an ideal opportunity to address this and establish a single integrated function in 2015/16.

Children

Children’s Services received 195 complaints during 2014/15, a 33% increase on the 150 complaints received during 2013/14. Complaints from children and young people during the year remained the same at 26.

There were 12 Stage 2 investigations in 2014/15 compared with 6 in 2013/14 and there was 1 Stage 3 Review Panel, compared with none in the previous year. There was 1 investigation by the Public Service Ombudsman for Wales – the first since 2009.

Stage 1 complaints are resolved quickly and effectively which means that only a small percentage of complaints – 7% (14); proceed to Stage 2, Stage 3 or the Public Service Ombudsman for Wales.

Adults

In relation to adults, in 2014/15 we received 56 formal complaints - a decrease of 14 compared to the previous year. Three of these complaints, were withdrawn at the service user’s request.

Themes

From the complaints received during 2014/15, the following themes were identified in relation to children and adults:

- Requirement for care providers to improve quality.
- Poor communication.
- Social Workers responding to calls.
- Delays in providing information or services.
- Service users unhappy with the outcome of assessments.

Areas for Development in 2015/16

- Examine systems to identify areas for improvement, in particular focussing on timely responses to queries and concerns during 2014/15.
- Creation of an integrated Social Service Complaints Unit.
- Development of good practice guidance for managers responding to complaints.

6.3.2 Customer Satisfaction / Participation

Overall the Council is highly committed to enhanced participation by children and young people in shaping the Council's priorities and overall agenda. Our success as a whole Council in this regard was acknowledged by the Welsh Government following a visit by the Department for Local Government and Communities who commented as follows:

"We were very pleased with the level of pro-active commitment to participation demonstrated in Cardiff and particularly with the level of engagement evident at a strategic level and with Members. It was clear to see that you have certainly moved on since the changes to Cabinet and that the profile and work around children and young people's participation is very much a priority for your authority. There were many excellent examples of good practice and innovative work demonstrated ...".

Although not exclusively concerned with children in receipt of social services support, this progress provides an excellent framework for embedding participation in the work of the Social Services Directorate, and significantly enables a whole Council approach to the empowerment agenda inherent in the Social Services & Wellbeing (Wales) Act 2014.

Adults

During year ending 31st March 2015, 3,572 questionnaires were issued; 1,141 responded giving a response rate of 32%. 1,050 people responded to the question regarding satisfaction with the overall care and support they received and 96% of these (1,006) indicated that they were satisfied. Levels of satisfaction varied from 75% to 100% across the different surveys.

The rolling programme of Customer Satisfaction surveys has continued during 2014/15. This year, seven surveys were included in the rolling programme: Advice & Information (C2C), Assessment & Review (for Older People, Physical and Sensory Impairment Teams), Community Resource Team, Carers Assessment, Community Alcohol and Drugs Team, Protection of Vulnerable Adults and the Occupational Therapy Team. The annual survey for the Emergency Duty Service was also undertaken.

We have extended the Assessment and Review customer satisfaction survey to include the Learning Disability Teams and the Mental Health Services for Older People Teams.

This year we have started to use the information from the surveys to inform the Provider Quality Scores for Domiciliary Care.

Children

During the year, the Cabinet responded to a Listening Event held by the Children & Young People Scrutiny Committee. The following recommendations were made, and accepted:

- The Cabinet must ensure that decision makers regularly engage with looked after children (including those aged 11 and under) wherever possible to ensure that their views are heard during the development and implementation of all social care strategies, policies and plans and individual care plans.
- Children's Services should consider this format of listening event as an effective forum for looked after children aged 11 and under, to express their views. Children's Services will utilise this approach for the future at regular intervals
- The Children & Young People Scrutiny Committee and / or Corporate Parenting Advisory Committee should continue to hold regular listening events with different groups of looked after children to help understand their perspective on areas for improvement in social care.
- Children's Services should develop additional methods of engagement with younger looked after children, to enable them to be made aware of, and actively involved in, LAC reviews, meetings and decisions that affect them.

In relation to this Director's Report, the Director and senior managers, alongside members of the Corporate Parenting Advisory Committee, engaged in a face to face challenge session with young people based upon their own analysis of the report. This was a positive and mutually beneficial experience and some of the key messages emerging from young people were:

- Young people want to be consulted and want their opinions to be considered.
- Contact is a key issue for young people, and they need to understand the reasons behind agreed contact arrangements (e.g. when contact is supervised / frequency of contact).
- Young people do not like the acronym "LAC" as it suggests they are lacking something.
- The Pathway Plan is an important document.

Areas for Development in 2015/16

- To extend the surveys to users of Mental Health Services in 2015/16.
- To develop more regular and systematic methods for routinely gathering feedback from looked after children and from children in need and their families.

6.4 CORPORATE AND POLITICAL LEADERSHIP AND SUPPORT

Council Values and Priorities

Supporting and protecting Vulnerable People remains one of the Council's 4 Top Priorities and this is reflected in the continued and direct support provided to Social Services during 2014/15. In the context of significant Council wide financial challenges; the Council has realigned budgets to the value of £10.89m to meet increases in demand in relation to both children and adults during 2014/15. Taken together with the Council's other three priorities and the refresh of the Council's Core Values, Social Services provision is seen as playing

an essential strategic role in improving outcomes for citizens, families and communities across the city.

The Children & Young People and Community & Adult Services Scrutiny Committees play a significant role in supporting the drive towards improved performance across social services. Both Committees have undertaken discrete inquiries in order to strengthen the corporate profile of key challenges that impact on vulnerable people.

Strengthening Social Services as a Unified Entity

Since July 2013, services for children and adults benefited from dedicated but separate Director leadership during a period where it was necessary to focus on critical areas of improvement. The Council has concluded that it is now timely, particularly in light of the Social Services & Wellbeing (Wales) Act 2014 and to enable better strategic integration, to establish a single Social Services Directorate under a single Director with effect from 2015/16. This is intended to secure a stronger focus on 'whole family' / whole system approaches and on stronger integration with partners, taking advantage of opportunities to share innovations, resources and costs more effectively.

Robust Improvement & the Organisational Development Programme

The Children's Services Improvement Board, chaired by the Chief Executive and supported by an external Independent Support Team, continued to play a critical role in challenging practice, ensuring progress against an agreed Improvement Plan and unblocking in-Council barriers to change. The Children's Services Improvement Plan was also given close consideration throughout the year by the Council's Challenge Forum, chaired by the Leader and supported by a range of external peers and 'critical friends'. Along with Education, Children's Services were the first directorates in the Council to participate in the newly established Challenge Forum and to benefit from the growing organisational learning culture that flows from it.

These developments have been further extended by the Chief Executive's Organisational Development Programme which is designed to strengthen performance management, innovation, cross-directorate working and transparent accountability. As part of that a Vulnerable Children and Families Board chaired by the Director, was established incorporating all relevant statutory and third sector partners. This enabled the strategic objectives of partners and other Council directorates to be more effectively aligned so that a shared commitment to better outcomes for children can be translated into tangible programmes of change. Importantly, this has led to a stronger commitment to release funding into a shared resource, to enable the changes to take place, including joint funded posts. The new partnership played a key role in the second half of the year, in progressing Multi-Agency Safeguarding Hub developments, the development of an Early Help & Preventative Strategy, and the development of new solutions to accommodation for independent living for young people and care leavers. Similarly, a Vulnerable Adults Board has also been established more recently with view to enabling better 'grip' on the development of new models of delivery.

In addition all directorates are subject to challenge at regular 'Star Chamber' meetings which focus on high level performance issues and this will be further facilitated by the newly integrated Social Services Directorate.

Staff Engagement

The key factor for the successful development of new ways of delivering services to the community is the active engagement of staff. In addition to good engagement by directorate staff in Chief Executive led roadshows, the directorates continued to engage

directly with front-line staff utilising different media, including newsletters; work shadowing by the Director; staff shadowing the Director for a day; facilitated staff workshops with the Director; regular management team development forums with Team Managers.

Enhanced Corporate Parenting

Following a review led by the Children & Young People Scrutiny Committee it was agreed that a new Corporate Parenting Advisory Committee (CPAC) be established as a sub-committee of Cabinet, chaired by the Deputy Leader and replacing the previous Corporate Parenting Panel, in order to give greater priority to the needs of looked after children and children in need.

The work of the panel now focuses on ensuring greater transparency and accountability with all external evaluations and reports, complaints reports and advocacy feedback, being given close and regular consideration. Of equal significance is the championing role of CPAC. In this context, CPAC has considered a wide range of complex issues affecting children and has actively championed change in relation to services for care leavers, including a £900 increase in the care leavers grant; set higher expectations in relation to a more structure approach to direct engagement with looked after children; a more proactive programme of member development is under CPAC sponsorship for roll-out in 2015/16.

All of this work is further enhanced by member visits to front line teams, which in 2014/15 included visits by the Leader and Deputy Leader and by members of the Children & Young People's Scrutiny Committee.

Social Services & Wellbeing (Wales) Act 2014 (SSWB)

Good regional governance and project management arrangements are in place to maximise readiness for the Act in April 2016. These have built on the pre-existing arrangements established to promote health and social care integration. A wide range of staff and managers have been involved in national consultation events as the tranches of draft guidance have been issued. Although, significant numbers of staff have engaged in SSWB awareness training this and the consultation events have been taken up in the knowledge that the time available between the issue of new guidance issue and in-house preparatory work to enable effective implementation is highly challenging. We have established a regional post to facilitate implementation and engaged similar support to align this with the Workforce Development dimension, for which the Director of Social Services in Cardiff is the regional lead Director.

Corporate Safeguarding Board

A new Corporate Safeguarding Board was established in the fourth quarter, involving strong representation from all directorates and supported by a comprehensive action plan, focusing in particular on the improvement recommendations arising from the September 2014 report of the visit of the Welsh Audit Office in March 2014. This board will be chaired by the Cabinet Member for Corporate Services and Performance and will enable transparent quality assurance concerning the Council's corporate safeguarding arrangements, supported by an Annual Corporate Safeguarding Report.

Areas for Development in 2015/16

- Benchmark service performance with core cities, or relevant benchmark organisations, in order to drive better outcomes for citizens, businesses and visitors.
- Establish the newly integrated Social Services Directorate at the earliest opportunity.
- Take steps to further integrate services internally where relevant and with health or other partners.

- Refresh and re-provide Corporate Parenting Member development.
- Further strengthen direct engagement with children.

7. APPENDIX

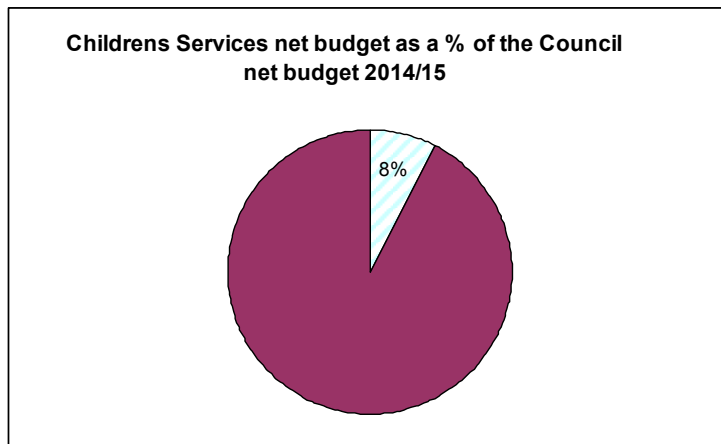
APPENDIX 1: SUPPLEMENTARY FINANCIAL INFORMATION

There are 383 full time equivalent established posts in Children's Services providing services to 2,557 service users.

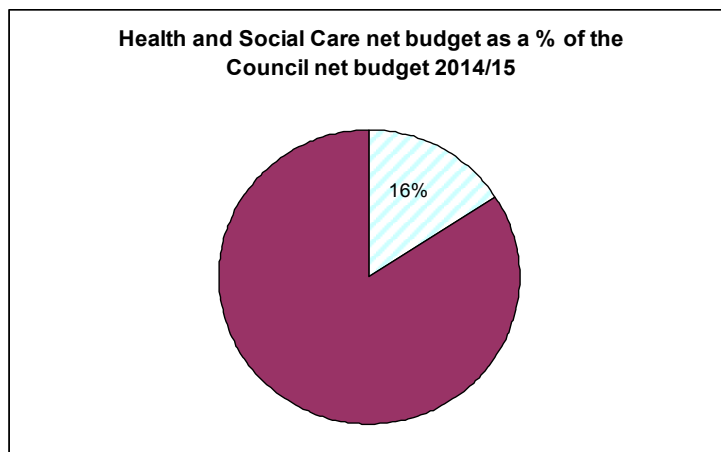
There are 691 full time equivalent established posts within Health & Social Care managing 4,644 case allocations.

The charts below show the budgets for these service areas as a percentage of the overall Council budget.

Children's Services net expenditure budget 2014/15 = £44,921,000



Adult Services net expenditure budget 2014/15 = £95,145,000



Total Council net expenditure budget (all services) £585,288,000

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**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL:

24 SEPTEMBER 2015

CABINET PROPOSAL

SCHEME TO SUPPORT THE RESETTLEMENT OF SYRIAN AND AFGHAN INDIVIDUALS AND FAMILIES IN THE UK

Reason for this Report

1. To provide Council with details of the Home Office's Syrian Vulnerable Persons Scheme and to recommend that Cardiff Council agrees in principle to enter into the scheme.
2. To provide Council with details of the Home Office scheme for the resettlement of Afghan nationals who have supported the British Armed Forces in the Afghanistan conflict and to recommend that Cardiff Council agrees in principle to enter into the scheme.
3. To note that a multi agency leadership group has been established to oversee the preparations for regional participation in the scheme comprising Members and Officers of the City of Cardiff Council , the Vale of Glamorgan Council, Cardiff University Health Board and Third Sector and Faith group representatives.
4. To grant delegated authority to the Director of Communities, Housing and Customer Services in consultation with the Cabinet Member for Health, Housing and Wellbeing to progress the detail of the Authorities involvement in the scheme.
5. That this report is referred for information to Council on 24th September to seek full Council support for the implementation of the scheme.

Background

Syrian Vulnerable Persons Relocation (VPR) Scheme

6. The United Nations estimated that as of February 2015 12.2 million people are in need of humanitarian aid within Syria. At least 7.6 million people in Syria have been forced to flee their homes and there are some 3.8 million refugees in neighbouring countries. (Home Office 2015)
7. On 29 January 2014, the Home Secretary made a statement to Parliament outlining the Government's intention to relocate to the UK

some of the most vulnerable Syrian refugees, displaced to neighbouring countries by the on-going conflict. The Syrian Vulnerable Persons Relocation (VPR) Scheme runs in parallel with the United Nations High Commissioner for Refugees' (UNHCR) Syria Humanitarian Admission Programme (HAP). It prioritises help for survivors of torture and violence, women and children at risk, and those in need of medical care. The Home Office works with UNCHR to identify those at risk.

8. The scheme is separate to the arrangements in place for those seeking asylum in the UK. Cardiff is the initial accommodation centre for Wales and the South West region (one of seven initial accommodation centres in the UK.) Cardiff is also an official dispersal area for asylum seekers and has a long established history of welcoming both asylum seekers and refugees to the city with well developed support mechanisms in place.
9. The first group of Syrians arrived as part of the programme in March 2014 and, by the end of December 2014 (the last published figures), 143 Syrians were relocated to the UK – 34 of which were heads of family and 109 their dependents. It was the Home Office's intention to continue to relocate 10-15 people per month over a 4/5 year period.
10. Individuals identified by UNHCR are allowed to bring their immediate family with them. This is limited to one spouse / partner (who must be over 18) and their minor dependent children (under 18 and not living an independent life). There is no provision to allow applicants to bring over-age dependant relatives unless they also meet the vulnerability criteria in their own right or the Home Office is satisfied that there is an existing dependency.
11. Generally, families will comprise of between 4-6 people (inclusive of the head of family) but cases will also consist of single people and the occasional larger family. Medical reports are produced by the International Organisation for Migration (IOM) in advance of arrival.
12. Those who are accepted under the VPR Scheme are granted humanitarian protection giving them leave to remain for 5 years with full access to employment and public funds and rights to family reunion comparable to refugees. At the end of the 5 years, if they have not been able to return to Syria, they may be eligible to apply for settlement in the UK.
13. Settlement may be refused if the person is convicted of a criminal offence during their leave and will be refused if they pose a danger to the public, or to national security. Leave to remain can also be curtailed if such evidence comes to light during the initial 5 year period. Settlement can be revoked if evidence emerges after it has been granted.
14. Local authorities who choose to participate in the scheme take the lead in working with other key local partners to ensure that arrivals are provided with suitable accommodation and the specific needs of these vulnerable individuals are met.

15. Central Government will meet the costs of the arrivals in terms of orientation support, health and education costs for the first year from arrival. Staffing costs to cover administration of the scheme will also be met.
16. Central government funding will cover a range of measures to assist the support and orientation of this group. The list below provides an indication of the kind of funding that is envisaged will be provided:
 - Reception and ground travel costs to the receiving area.
 - The actual costs of up to two months void costs when securing accommodation plus the actual cost of adapting and furnishing properties where necessary.
 - One-off cash and clothing allowance for new arrivals of £200 per person paid in advance of receipt of mainstream benefits.
 - £600 per head for primary care costs plus first year secondary health care costs including any specialist services that are necessary.
 - £4,500 per head for education costs for 5-18 year olds (£2,250 for ages 3-5) plus any first year costs for specialist educational support which may be required.
 - Where necessary, first year adult and child social care costs as incurred.
 - Actual costs of providing one year's orientation support.
17. Particularly given the specific requirements of this group, this list is not definitive and is open to negotiation if local authorities consider there are other elements not covered here that would require funding in order to administer an orientation programme of this kind.

Resettlement Scheme for Afghan Individuals and Families

18. The National Security Council has agreed a package of measures to offer to locally engaged staff in Afghanistan who will be made redundant as a result of the UK's military drawdown. Locally engaged staff who were in Her Majesty's Government's employ on 19 December 2012 (the date the Prime Minister announced the UK's drawdown) and who have accrued 12 months service are eligible under the scheme. The offers made under this scheme are additional to the usual redundancy terms in local engaged staff employment contracts. The package has three elements:
 - Up to 5 years' paid training or education in Afghanistan, or
 - 18 months salary, paid in instalments, or
 - Relocation to the UK, but only for interpreters or equivalent grades in front line roles outside the wire in Helmand, with immediate family.

19. Local Authorities across the UK are being asked to participate in the programme when relocation is the chosen option.
20. Participating Authorities will work with the Home Office to ensure that what is available in the locality fits the needs of those that will be potentially relocated and will agree to approximate numbers that can be accommodated. Participating Authorities will be expected to provide newly arrived individuals or families with help to adjust to life in the UK including providing them and their immediate family members with:
 - i. Accommodation for four months;
 - ii. Financial assistance pending access to welfare benefits or the new arrival securing employment (whichever occurs first, but nevertheless limited to four months); and
 - iii. Integration support, including but not limited to providing employment advice and assistance accessing services and benefits.

Issues

21. A recent commitment from the Prime Minister outlined the UK government's agreement to support and resettle 20,000 Syrian refugees through the VPR over the next five years. This will substantially increase the proposed number coming through the scheme and it is anticipated that around 400 people per month will arrive across the UK.
22. In England HM Treasury has made funding available for Local Health Boards to support Syrian families and individuals that may have complex health needs that resettle in the UK. Welsh Government has yet to confirm its position in relation to additional funding for Health services but has called a Summit on the Refugee situation on 17th September.
23. In July 2015 the Cardiff and the Vale Joint Local Service Board considered a report on the scheme and agreed in principle to co-ordinate capacity and resources to progress the scheme utilising existing statutory processes and voluntary support mechanisms. This has been taken forward with the development of a Multi Agency leadership group comprising and attended by Members and Officers from the City of Cardiff Council, the Vale of Glamorgan Council, the Cardiff University Health Board and Third Sector and Faith group representatives. The group is chaired by the Cabinet member for Health Housing and Wellbeing.
24. Initial discussions with the Multi Agency leadership group have focussed on the need for a regional approach to ensuring the successful implementation of the scheme and the need to build on existing mechanisms and provision. Experience of successful resettlement in the region over many years has made clear the need for very effective planning particularly in terms of accommodation, education, health and access to community support networks. The Group will be instrumental in ensuring effective planning for the scheme and will assist in scoping the

numbers of refugees that the region will resettle and the schedule of arrivals over the period to 2020.

Local Member consultation

25. In view of the significant interest in this issue it is proposed that this report is referred to Council on 24th September for information and in order that all members are provided with an opportunity to debate the implementation of the scheme.

Reason for Recommendations

26. To provide Council with the details of the Home Office Syrian Vulnerable Persons Scheme and the scheme for the resettlement of Afghan nationals and to propose that the City of Cardiff Council agrees to take part in both schemes.

Financial Implications

27. This report does not quantify detailed financial implications of either the Syrian Vulnerable Persons Relocation Scheme or the Resettlement Scheme for Afghan Individuals and Families but does detail some of the financial assistance to be made available by Central Government.
28. Detailed consideration will need to be given as to the required level of financial support in the event of scheme participation and any additional potential impact on Council services and budgets both in terms of the current financial monitoring position and the budget setting process for future years.
29. It will also be essential that any related costs are separately identified and that available funding is maximised in line with funding terms and conditions.

Legal Implications

30. The Cabinet has the necessary legal and statutory powers to agree to join the Home Office Vulnerable Persons Scheme and delegate the detailed implementation of this to relevant officers. The most relevant are the Children Act 1989 and the National Assistance Act 1948. These provide powers to provide assistance including accommodation. In the case of children there may be legal obligations especially in relation to unaccompanied asylum seeking children. There are a number of exclusions for persons who are subject to immigration control and categorised as having no access to public funds.
31. Revised powers and duties will also arise with the enactment of the Social Services and Well-being (Wales) Act 2014. The Act received Royal Assent in May 2014, however, the relevant parts are not scheduled to come into force until April 2016. These will repeal and replace the key duties on the council under various social services provisions, including the Children Act 1989. The duties that the new Act will place on local authorities in relation to asylum seeking children will be

broadly the same as the current duties under the Children Act. They are however framed in terms of a duty to promote “physical and mental health and emotional well-being”.

32. The Council meeting procedure Rules provide for the Leader and cabinet to bring Reports to full council for debate.

HR Implications

33. It is unknown at this stage whether any additional capacity is required from an employee aspect and if it is, whether this would be required within the Council or with our partners. However if it were the case that additional capacity was required within the Council then there would be full Trade Union consultation and the agreed corporate processes would be followed.

CABINET CONSIDERATION

34. The Cabinet considered this report on 17 September 2015 and resolved that:
1. It be agreed in principle to enter into the Home Office’s Syrian Vulnerable Persons Scheme.
 2. It be agreed in principle to enter into the Home Office’s scheme for the resettlement of Afghan nationals that have supported the British Armed Forces in the Afghanistan conflict.
 3. It be noted that a multi agency leadership group has been established to oversee the preparations for regional participation in the scheme comprising Members and Officers of the City of Cardiff Council , the Vale of Glamorgan Council, Cardiff University Health Board and Third Sector and Faith group representatives.
 4. Authority be delegated to the Director of Communities, Housing and Customer Services in consultation with the Cabinet Member for Health, Housing and Wellbeing to progress the detail of the Authorities involvement in the scheme.

CABINET PROPOSAL

Council is recommended to support the implementation of the scheme.

THE CABINET

17 September 2015

**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL:

24 SEPTEMBER 2015

REPORT OF DIRECTOR GOVERNANCE AND LEGAL SERVICES

**APPOINTMENT OF LOCAL AUTHORITY GOVERNORS TO
SCHOOL GOVERNING BODIES**

Reason for this Report

1. To appoint Local Authority School Governors.

Background

2. Section 19 of the Education Act 2002 creates the general ability for the Local Authority to appoint governors to the Governing Bodies of maintained schools, with further detail contained in the Government of Maintained Schools (Wales) Regulations 2005. When Local Authority school governor vacancies arise, either by appointees reaching the end of their term of office or resigning, it is the statutory duty of the Council to fill the vacancies as soon as possible.
3. The Local Authority Governors Appointment Panel to oversee this process has been constituted and held its first meeting on 17th September 2015.

Issues

4. Appendix 1 to this report contains a list of current and future vacancies up to 28th January 2016 and recommendations for appointment by the Local Authority Governor Appointment Panel.

Reasons for Recommendations

5. To ensure that the Council fulfils its statutory functions in respect of the appointment of local authority governors for maintained schools.

Legal Implications

6. As noted in paragraph 2 of the report, the Council is required, pursuant to the Education Act 2002, section 19 and regulations made there under, to appoint local authority governors to the Governing Bodies of maintained schools, in accordance with those statutory provisions.

7. Appointments to outside bodies are a local choice function, which is reserved under the Council's Constitution to full Council. Accordingly, the appointment of local authority governors to Governing Bodies, as recommended in this report, requires the approval of full Council.

Financial Implications

8. There are no financial implications arising from this report.

Recommendation

That Council consider the recommendations of the Local Authority Governor Panel and approve the appointments of Local Authority Governors to the School Governing Bodies as set out in Appendix 1.

MARIE ROSENTHAL
Director Governance and Legal Services
17 September 2015

The following Appendix is attached:

Appendix 1 List of Local Authority School Governor vacancies and recommendations for appointment by the Local Authority Governor Appointments Panel for the period 24 September 2015 to 28 January 2016.

The following Background Documents have been taken into account: N/A

LA Governor Vacancies and Recommendations from LA Governor Appointment Panel – 24 July 2015 – 28 January 2016

- i. All appointments in the list are recommended by the LA Governor Appointments Panel and will have satisfied the required application process.
- ii. All terms of office unless otherwise stated are for 4 years.

Existing LA Governor Vacancies

School	Ward	Start of Vacancy	Re-appointment requested	Applications received	Approved (Yes/No)
Cantonian High School	Fairwater	25/07/2015		Dr Angela Jones-Evans	Yes
Cathays High School	Gabalfa	16/09/2015	Mr Ken Daniels		Yes
St Illtyd's Catholic High School	Rumney	26/07/2014			
Albany Primary School	Plasnewydd	02/09/2015			Deferred until October LA Governors Panel Meeting
Allensbank Primary School	Gabalfa	19/08/2015		Mr Kolowole Singh	Yes
All Saints C/W Primary School	Pentwyn	25/07/2015			
Bryn Hafod Primary School	Llanrumney	21/04/2015		Mr Jonathan (Josh) Jones	Yes
Creigiau Primary School x 2 vacancies	Creigiau	02/09/2014 08/07/2015		Mrs Amanda Bouadana	Yes
Ely and Caerau Children's Centre	Ely	23/06/2015			
Gladstone Primary School	Cathays	24/07/2015		Mr Mel Lewis	Yes
Herbert Thompson Primary School	Ely	13/05/2015			
Kitchener Primary School	Riverside	04/07/2015			
Lansdowne Primary School	Canton	20/05/2015		Mrs Shashikala	Yes

School	Ward	Start of Vacancy	Re-appointment requested	Applications received	Approved (Yes/No)
				Mansfield	
Llysfaen Primary School	Lisvane	15/07/2015		Mrs Caroline Du Cann	Yes
Millbank Primary School	Caerau	10/12/2013		Mrs Gill James	Yes
Oakfield Primary School	Trowbridge	04/03/2015			
Pencaerau Primary School	Caerau	23/09/2014			
Pentyrch Primary School – 2 x vacancies	Pentyrch	08/12/2014 07/07/2014		Mr Guy Briffett	Yes
Rhiwbeina Primary School	Rhiwbina	02/09/2015			
Springwood Primary School	Pentwyn	31/08/2015		Mr Derek King	Yes
St John Lloyd RC Primary School	Trowbridge	30/01/2013			
Thornhill Primary School	Llanishen	22/06/2015			
Tremorfa Nursery School	Splott	19/09/2014			
Windsor Clive Primary School – 2 x vacancies	Ely	18/06/2014 04/09/2015		Mrs Meriel Jones	Yes
Ysgol Glan Morfa	Splott	29/01/2014			
Ysgol Gymraeg Bro Eirwg	Llanrumney	23/04/2014		Mr Shane Andrews	Yes
Ysgol Gymraeg Coed-Y-Gof – 2 x vacancies	Fairwater	10/02/2014 03/09/2015			
Ysgol Gymraeg Melin Gruffydd – 3 x vacancies	Whitchurch	13/05/2015 18/06/2015 17/07/2015			
Ysgol Pencae	Llandaff	03/07/2015			
Ysgol Pen Y Pil	Trowbridge	11/09/2013			
The Court School	Llanishen	21/07/2015			Deferred until October LA Governors Panel Meeting

Future LA Governor Vacancies

School	Ward	Start of Vacancy	Re-appointment Requested	Applications Received	Approved (Yes/No)
Fitzalan High School	Canton	27/01/2016			
Radyr Comprehensive School	Radyr	27/01/2016	Mr Jonathan Bussy		Yes
Ysgol Gyfun Gymraeg Glantaf	Llandaff	09/01/2016			
Adamsdown Primary School – 2 x vacancies	Adamsdown	22/10/2015 29/10/2015	Mr Akhtar Ali Mr John Dixon		Yes Yes
Birchgrove Primary School	Heath	29/10/2015	Mr Peter Hudson		Yes
Howardian Primary School – 3 x vacancies	Penylan	01/10/2015 01/10/2015 01/10/2015		Cllr Joe Boyle Cllr Sue Lent Mr John Worrall	Yes Yes Yes
Carlborough Primary School	Penylan	23/09/2015		Mrs Lucie Connors	Yes
Peter Lea Primary School	Fairwater	23/09/2015			
Pontprenau Primary School – 3 x vacancies	Pontprenau	01/10/2015 01/10/2015 01/10/2015			Deferred until October LA Governors Panel Meeting
Rhydypenau Primary School	Cyncoed	28/09/2015			
Roath Park Primary School	Plasnewydd	25/01/2016	Mr Gareth Brown		Yes
Severn Primary School	Riverside	16/12/2015	Cllr Iona Gordon		Yes
St Monica's C/W Primary School	Cathays	27/01/2016			
Stacey Primary School	Adamsdown	29/10/2015	Mr John Dixon		Yes
Thornhill Primary School	Llanishen	29/10/2015	Mr Mike Imperato		Yes
Ysgol Mynydd Bychan – 2 x vacancies	Gabalfa	16/12/2015 25/01/2016	Mr Paul Jeffries		Yes
Ysgol Pencae	Llandaff	21/10/2015			
Ysgol Pwll Coch – 2 x vacancies	Canton	27/01/2016 27/01/2016			

School	Ward	Start of Vacancy	Re-appointment Requested	Applications Received	Approved (Yes/No)
Meadowbank Special School	Llandaff	16/12/2015	Mrs Rhiannon Scott		Yes
Riverbank Special School	Caerau	20/10/2015	Ms Alana Dallimore		Yes
Woodlands High School	Caerau	10/12/2015			

**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL

24 SEPTEMBER 2015

REPORT OF DIRECTOR GOVERNANCE AND LEGAL SERVICES

**APPONTMENTS TO COMMITTEE VACANCIES, CHAIR OF SCRUTINY COMMITTEE AND
CARDIFF BUS BOARD**

Reason for this Report.

1. To make appointments to Committees to fill current vacancies in accordance with Party Group nominations.
2. To note the appointment of Chair of the Environmental Scrutiny Committee.
3. To appoint a Member to fill the vacancy on the Board of Directors of Cardiff Bus.

Background

4. The Council at its Annual Meeting on 21 May 2015 established its committees and allocated seats to party groups in line with the relevant provisions of the Local Government and Housing Act 1989 (Section 15) and the Local Government (Committees and Political Groups) Regulations 1990. Following a change in the Council's political composition, a revised proportional allocation of seats was agreed by Council on 23 July 2015.
5. The legislation requires the Council to allocate committee seats to political groups in proportion, as far as is reasonably practicable, to the size of those groups on the Council. Once the Council has determined the allocation of seats, it is obliged to make appointments so as to give effect to the wishes of the political group to which the seat has been allocated.
6. Legislation also requires the politically proportional allocation of scrutiny chairs for Councils comprised of several political groups (pursuant to Part 6 of The Local Government (Wales) Measure 2011). The proportional allocation of Scrutiny Committee Chairs was agreed with Political Groups, and approved by Council at its Annual meeting. and then revised at the Council meeting on 23 July 2015 (following the change in the Council's political composition). Once the Council has determined the allocation of Scrutiny Chairs to each political group, the appointment of Scrutiny Chairs is to be made by the relevant political group.
7. At the Annual Council meeting this year, the Council also approved its appointments to outside bodies, including the appointment of directors to Cardiff Bus.

Issues

Ordinary Committee Vacancies

8. Appointments to Committees have been made in accordance with the agreed political balance arrangements and the wishes of political groups. .
9. The following Committee vacancies are to be filled by Council on 24 September 2015, in accordance with nominations from the political groups to which the seats are allocated. Nominations will be reported to Council on the amendment sheet.

<u>Committee</u>	<u>No of Vacancies</u>
Planning Committee	1 vacancy
Audit Committee	2 vacancies
Corporate Parenting Advisory Committee	1 vacancy
Democratic Services Committee	1 vacancy
Local Authority Governor Panel	2 vacancies
Children & Young People Scrutiny	1 vacancy
Community & Adult Scrutiny	3 vacancies
Environmental Scrutiny	2 vacancies
Policy Review & Performance Scrutiny	2 vacancies
Bilingual Cardiff Working Group	2 vacancies
Works Council	1 vacancy
Health & Safety advisory Group	2 vacancies
Glamorgan Archives Joint Committee	1 vacancy

Chair of the Environmental Scrutiny Committee

10. The position of Chair of the Environmental Scrutiny Committee is currently vacant. In accordance with the proportional allocation of Scrutiny Chairs pursuant to the Measure 2011, the Chair of the Environmental Scrutiny Committee is to be appointed by the Labour Group. Notification of the appointment will be reported to Council on the amendment sheet.

Cardiff Bus, Board of Directors

11. The Council is required to appoint 7 Members to represent the Council on the board of directors of Cardiff Bus, and by custom and practice these seats are allocated on a politically proportional basis. A vacancy has arisen for a Conservative Group representative and the Conservative Group has nominated Councillor Robson to fill that vacancy. The appointment of Members to outside bodies is a local choice function allocated to full Council under the Scheme of Delegations.

Legal Implications

12. The legal Implications are set out in the body of this report.

Financial Implications

13. There are there are no additional financial implications arising from this report that have not been included within the Council's budget for 2015/16.

RECOMMENDATIONS

That the Council

- (1) makes appointments to fill Committee vacancies in accordance with the nominations of the political groups, as set out in the amendment sheet;
- (2) notes the appointment of the Chair of the Environmental Scrutiny Committee by the Labour Group, as detailed on the amendment sheet; and
- (3) appoints Councillor Robson to fill the vacancy for a Council representative on the board of directors of Cardiff Bus.

MARIE ROSENTHAL

County Clerk & Monitoring Officer

17 September 2015

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