



DINAS A SIR CAERDYDD
CITY AND COUNTY OF CARDIFF

COUNCIL SUMMONS

THURSDAY, 29 SEPTEMBER 2016

GWYS Y CYNGOR

DYDD IAU, 29 MEDI 2016,

You are summoned to attend a meeting of the **COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** which will be held at Council Chamber, City Hall, Cathays Park, Cardiff on Thursday, 29 September 2016 at 4.30 pm to transact the business set out in the agenda attached.

Davina Fiore
Director of Governance & Legal Services

County Hall
Cardiff
CF10 4UW

Friday, 23 September 2016

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	Minute Silence <i>To observe a minute silence in memory of Councillor Chris Lomax who passed away on 16 September 2016.</i>	4.30 pm	
2	Apologies for Absence <i>To receive apologies for absence.</i>		
3	Declarations of Interest <i>To receive declarations of interest (such declarations to be made in accordance with the Members Code of Conduct)</i>		
4	Minutes (Pages 1 - 36) <i>To approve as a correct record the minutes of the meeting held on 28 July 2016.</i>	4.35 pm	
5	Plasnewydd By-Election <i>To report on the outcome of the Plasnewydd By-Election held on 20 September 2016</i>	4.40 pm	5 mins
6	Petitions <i>To receive petitions from Elected Members to Council.</i>	4.45 pm	5 mins
7	Public Questions (Pages 37 - 38) <i>To receive previously notified questions from Members of the Public.</i>	4.50 pm	15 mins
8	Lord Mayor's Announcements <i>To receive the Lord Mayor's announcements including Recognitions and Awards.</i>	5.05 pm	5 mins
9	Statement of Accounts 2015/16 and Annual Compliance Reports (Pages 39 - 324) <i>Report of the Director Corporate Resources attached</i> <i>Appendix 7 Annexe B & C are not for publication as they contain exempt information of the description in Paragraph 14 and 21 of Schedule 12A of the Local Government Act 1972</i>	5.10 pm	30 mins

10	<p>Audit Committee Annual Report 2015/16 (Pages 325 - 356)</p> <p><i>To receive the Annual report presented by the Chair of the Audit Committee, Mr Ian Arundale.</i></p>	5.40 pm	15 mins
11	<p>Standards & Ethics Committee Annual Report 2015/16 (Pages 357 - 380)</p> <p><i>To receive the Annual Report presented by the Chair of the Standards and Ethics Committee Mr Richard Tebboth.</i></p>	5.55 pm	15 mins
12	<p>Director of Social Services Annual Report 2015/16 (Pages 381 - 462)</p> <p><i>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.</i></p>	6.10 pm	20 mins
13	<p>Democratic Services Committee Annual Report 2015/16 (Pages 463 - 480)</p> <p><i>To receive the Annual Report for 2015/16 from the Chair of the Democratic Services Committee Councillor Elizabeth Clark.</i></p>	6.30 pm	15 mins
14	<p>Statements</p> <p><i>To receive statements from the Leader and Cabinet Members</i></p>	6.45 pm	45 mins
15	<p>Notice of Motion</p> <p>This Council expresses deep concern about the appalling state of the surfaces of Cardiff's roads and pavements, and notes that these problems affect both urban and rural parts of the city.</p> <p>This Council notes that the previous Liberal Democrat-led administration introduced a 3 year Highways Asset Management Plan worth £20 million in 2012, resurfacing roads and pavements across our city. In contrast the 2015/16 budget included approximately £8 million for highway improvements over the next 3 years, but cut back street cleaning, weed removal and grass cutting, undermining the infrastructure of our city.</p> <p>The Council notes the South Wales Echo article of 4th August, 2016 revealing the short list of roads to be repaired this year, with some wards having no resurfacing work at all.</p>	7.30 pm	30 mins

	<p>This Council therefore calls upon the Cabinet to look to bring forward a bold infrastructure plan in next year's budget to bring the city's roads up to the standard of a modern international city.</p> <p>Proposed by: Councillor Jo Carter</p> <p>Seconded by: Councillor Elizabeth Clark</p>		
16	<p>Oral Questions</p> <p><i>To receive oral questions to the Leader, Cabinet Members; Chairs of Committee and/or nominated Members of the Fire Authority.</i></p>	8.00 pm	90 mins
17	<p>Urgent Business</p>	9.30 pm	
Unopposed Council Business			
18	<p>Appointment of Local Authority School Governors (Pages 481 - 486)</p> <p><i>To approve the recommendations of the Local Authority Governor Panel 14 September 2016.</i></p> <p><i>Report of Director Governance and Legal Services</i></p>	9.35 pm	5 mins
19	<p>Committee Membership (Pages 487 - 490)</p> <p><i>Report of Director Governance and Legal Services</i></p>		
20	<p>Appointments to Outside Bodies (Pages 491 - 496)</p> <p><i>Report of Director Governance and Legal Services</i></p>		
21	<p>Corporate Parenting Advisory Committee - Terms of Reference (Pages 497 - 500)</p> <p><i>Report of Director Governance and Legal Services</i></p>		
22	<p>Written Questions</p> <p><i>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.</i></p>		

THE COUNTY COUNCIL OF THE CITY & COUNTY OF CARDIFF

The County Council of the City & County of Cardiff met at County Hall, Cardiff on 28 July 2016 to transact the business set out in the Council summons dated Friday, 22 July 2016.

Present: County Councillor Walsh (Lord Mayor)

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

40 : TRIBUTES IN MEMORY OF COUNCILLOR MOHAMMAD JAVED

The Lord Mayor called for a minute silence in memory of Councillor Mohammed Javed who sadly passed away in the early hours of 24 July 2016.

The Deputy Leader and Ward colleague, Councillor Lent, lead the tributes to Councillor Javed who had been so proud to be elected to serve the community of Plasnewydd in 2012. He had been a big presence in the ward and had always been dedicated to his community and the wider Pakistani and Muslim community of Cardiff and beyond. His death would leave a huge impact on the lives of so many people.

Fellow Councillors Ali Ahmed, Dilwar Ali and Patel spoke about Councillor Javed leadership role and contributions to the lives of so many residents of Cardiff and Councillor Woodman lead tributes on behalf of the opposition Members.

The Lord Mayor advised that she had written on behalf of all Members to Shazia and all the family expressing great sadness for their loss.

41 : APOLOGIES FOR ABSENCE

Apologies received from Councillors Boyle, Burfoot, **Ralph Cook**, Ford, Goddard, Gordon, Keith Jones, Magill, Marshall, McEvoy, Morgan and Jackie Parry.

42 : DECLARATIONS OF INTEREST

Councillor	Interest
Councillor Lomax	Item 8(b) CASSC Annual report – personal interest – resident of sheltered accommodation owned by the Council.
Councillor Sanders	Item 8(b) CASSC Annual report – personal interest – family member in receipt of Direct Payments.

<u>Councillor</u>	<u>Interest</u>
Councillor Hudson	Item 7 – Budget Strategy – personal interest as family Member in receipt of Community Care services/ Disabled Services and Telecare.
Councillor Woodman	Item 8(b) CASSC Annual report – personal interest – Honorary President of Diverse Cymru who deliver direct payments for Cardiff Council
Councillor Groves	Item 8(b) CASSC Annual report – personal interest in receipt of homecare services direct payment, and spouse receives homecare services from the Council.

43 : CODE OF CONDUCT

The Lord Mayor reminded Member of her statement last month on her expectations for the conduct of Members at Council meetings during her year in office.

The Lord Mayor expected that Members contributions show respect at all times to each other and that order is maintained in the chamber when Members are speaking.

At this point in the proceedings the Lord Mayor exceeded to the request from Councillor Holden, the Plaid Cymru Group Whip for statement of personal explanation in relation to matters arising at the Council Meeting on 30 June 2016.

Councillor Holden provided the following statement in relation to comments made by the Plaid Cymru Group membership on social media which had caused offence in particular to the Labour Group Members and the Leader of the Council, Councillor Bale following the last meeting.

Councillor Holden thanked the Members for the opportunity to apologise on behalf of the Cardiff Council Plaid Cymru Group and its wider membership.

Councillor Holden advised that four years ago, when he entered the chamber, he was appalled by the behaviour of Members in the chamber on all sides. He regretted that this behaviour had continued to worsen. He indicated that he did not condone or engage in this behaviour and had personally been the subject of abusive behaviour in recent months and have chosen not to report it.

Councillor Holden hoped that this statement would begin to draw a line under a longstanding personal feud between a hand-full of Members of this Council.

Councillor Holden reiterated the Lord Mayor's earlier comments about respect, and urged all Members of all political parties to heed them well.

The Lord Mayor thanked Councillor Holden and provided the Chief Whip, Councillor Hunt and opportunity to respond.

Councillor Hunt thanked the Plaid Group Whip for the apology and noted that he was speaking on behalf of the party as a whole. He indicated that there was still a significant problem as far as the Labour Group was concerned with things that were said not just after the meeting but during the meeting that took place last month. He indicated that the Group would expect some action to be taken with regard to those comments and that he would be seeking further guidance from the Interim Monitoring Officer and the Chief Executive with regard to concerns raised.

Councillor Hunt also emphasised the importance for Members of showing respect to each other despite differences in opinions; and speak to each other more courteously. He compared the behaviour to that of an employment setting and actions that would be taken in the workplace to deal with matters of Social Media and unacceptable behaviour.

Councillor Hunt supported the comments on seeing more respect shown for other people and use of language in the chamber.

44 : MINUTES

The minutes of the meeting of Council on 30 June 2016 were approved as a correct record subject to two typographical errors

- Minute No 24: Page 18 Petitions Cllr Hudson – delete Crystal View and replace with Crystal **Avenue**.
- Minute No 25 Page 21 ‘In Cardiff’ last paragraph should read: - ‘You can also **access** the very first edition in English or Welsh via the Council’s website.’

45 : PETITIONS

The following Petitions were submitted: -

1. Councillor Carter: - 3,274 signatures calling on the Council to close the top access to the large slide at Roath Park children’s play area.
2. Councillor Hinchey: - 69 signatures in support of proposals to introduce a mix of Resident Only and Limited Waiting in Heath Park Avenue, Allensbank Road and adjoining street between King George V Drive and the Railway line.
3. Councillor Ali Ahmed: - 536 signatures expressing concerns that the current Cardiff Council proposals for resident only parking (C2256) will not meet their needs to park safely near their homes.
4. Councillor Bridges: - 192 signatures calling on the Council and the Welsh Government to bring forward plans for a Mynachdy and Talybont station as part of any Cardiff Metro proposals.
5. Councillor Kelloway: - 89 signatures residents in and around the Cyncoed/Llanedeyrn Road junction calling on the Council to make to

take action by providing a safe crossing at the junction of Cyncoed Road with Llanedeyrn Road.

46 : PUBLIC QUESTIONS

Public Question: *Mr Seymour*

Could the Cabinet Member advise when and how the request will be dealt with for the satisfaction of residents in the immediate vicinity of the junction of Cyncoed Road and Llanedeyrn Road? We have been asking for this crossing since 2010.

Reply: *County Councillor Patel*

A junction-improvement scheme at this location has been added to the Council's future programme and is awaiting funding. There are currently 60 schemes on the future programme list, and each scheme is priority ranked objectively, taking into account factors such as vehicle and pedestrian flows, vehicle speed, collision history, and policy targets.

Regretfully, this scheme is currently ranked 59th of the 60 schemes on the list and it is, therefore, unlikely that it will be implemented in the foreseeable future.

Public Question: *Mr Seymour*

The answer to my question is unacceptable to me and, I'm sure for the 90 people that have signed the petition which I've just handed in.

Surely, what we need to be doing is finding innovative ways to raise funds so that schemes such as this can be funded. Such as, perhaps, levying more rigorously fines on motorists who park vehicles on the pavement, particularly in this area.

Could that not raise funds to provide safe pedestrian crossings?

Reply: *County Councillor Patel*

We do actually find lots of ways to raise funds. One of the ways to do it is through Section 106, often, through the planning process, which is done through that process. And also we often – well, we *always* apply for Welsh Government transport grants as well. But, also, the money which you're talking about through fines, etc. – a lot of that has already been actioned in many ways.

We do actually fund it but the priority is still the priority. At the end of the day, we can't physically move something up the ladder – if you want to call it that – if there is a scheme which is slightly higher rated. But all these schemes are certainly prioritised in the order we can get it. There is limited funds, unfortunately. Like I said, we don't have a bottomless pit. I wish I did. If we did, we'd be able to do every single scheme.

47 : LORD MAYOR'S ANNOUNCEMENTS

Councillor McEvoy

Congratulations to Councillor McEvoy on his recent marriage to Ceri and every happiness for the future.

Recognition and Awards

The Lord Mayor on behalf of the Council was please to congratulate:

Staff Moments that 'Make the Difference'

Over the past few months, the Communications and Media team have been running an internal campaign to celebrate all the moments that staff across the council have created that help make the difference.

Over 600 employees have been recognised by fellow colleagues as part of the campaign, and the Chief Executive met with the following top seven nominations earlier this week to personally congratulate them for all their hard work and efforts.

1. Jonathan Day, Economic Development - nominated for his significant contribution to the City Deal and Cardiff BID projects.
2. Community Resource Team, Social Care – nominated for their kindness, compassion and friendliness which they show to their service users and their families during very sensitive and vulnerable times.
3. Rob Jones and Team, Parks Operations - nominated for their involvement and support in the Council's Traineeship Scheme for care leavers.
4. Toby Tobenas, Stuart Weadon, Craig Owen, from City Operations and the Neighbourhood Services Team. Nominated for their "amazing clean up job" they collectively did before and after the Cardiff Half Marathon.
5. Road Safety and Civil Parking Enforcement Teams, City Operations - nominated for their positive promotion of the Junior Road Safety Officer Scheme in schools and educating parents and carers about problem parking outside schools. They have worked together with local Iman's to identify parking areas for Friday afternoon prayers to resolve parking issues, and this has been a great success and is being rolled out to other Mosques.
6. David John, C2C - nominated for his overall "outstanding performance" and stepping up in to a coaching/training role when in-house coaches/trainers weren't available to train new starters joining the team (C2C).
7. Cardiff Research Centre, Resources – nominated for their work to support the organisation to move forward. They are seldom seen but work behind the scenes to bring their knowledge and expertise to many Council wide pieces of work such as the Employee Survey and Ask Cardiff Survey, which is currently live at the moment.

Flood Defence Scheme

Congratulations to the Water and Risk Management team for their work on the Rhiwbina Flood Defence Scheme. Not only has the scheme helped make the difference for more than 200 homes and businesses in the north of the city by significantly reducing the risk of flooding, it has now won the prestigious Roy Edwards Award at the annual ICE (Institution of Civil Engineers) Wales Cymru Project Awards.

The awards celebrate the contribution of civil engineering to Wales by recognising schemes for their excellence in concept, planning and design, contract management and construction.

The judges were particularly impressed with the way in which the scheme addressed the sensitive environmental considerations of the site, the co-operation with individuals and the liaison with property and landowners which was deemed 'exceptional'. had been circulated around the Chamber

Lord Mayor's Charity Update

The Lord Mayor advised that fundraising for her Charity Cancer Research Wales was building momentum and she was delighted for the support of Members and others in a bucket collection at the Fanzone event hosted by the Council as part of Euro 2016, which raised over £800.

She also thanked number of schools at the end of the summer term; local businesses and community groups who have been fundraising for my charity since the last month and had raised nearly £3000.

Welsh National Football Team

The Lord Mayor was delighted to be able to welcome the Wales football team home with a special celebration through the streets of Cardiff and the event at Cardiff City Stadium. It was quite a night.

We are all very proud of the team and their performance at Euro 2016.

48 : BUDGET STRATEGY

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 2017/18 revenue and capital budgets to be present to Budget Council in February 2017.

The Cabinet at its meeting on 14 July 2016 had considered the report of the Corporate Director Resources and Section 151 Officer and approved the recommendations in the report to Council.

The report outlined and provided an update on the budget reduction requirement that the Council in the medium term, and set out the strategy to address the budget gap

in the forthcoming financial year as well as across the life of the medium term financial plan (MTFP).

The Cabinet Member advised that consideration had been given to the future outlook for the Council beyond the timeframe of the MTFP, although such projections should be highly caveated given the number of unknown variables.

The report highlighted the ongoing severity of the financial challenge and its impacts on the financial resilience of the Council. The policies, budget assumptions and tools that underpin the Budget Strategy will be crucial in moving the Council forward on a financially sustainable basis.

The Lord Mayor invited debate on the report and number observations and ammeters were discussed including efforts to lobby welsh government on the distribution in Wales of Business rate; review of the Barnet formula; matters around School budgets ; engagement with all communities ; matters arising from the Wales Audit Office reports on the robustness of the Organisational Development Programme and saving targets; overspends in front line services; delays in the delivery of alternative models; asset management; and the level and salaries afforded to senior management appointments.

In summing up the Cabinet Member responded to any questions raised.

RESOLVED – That the Council agreed and adopted the Budget Timetable Framework set out in Appendix 2 and that the work outlined is progressed with a view to informing budget preparation.

49 : SCRUTINY COMMITTEE ANNUAL REPORTS 2015-16

The following Annual reports were received and noted: -

- (a) Children & Young People Scrutiny Committee - presented by the Chair, Councillor Richard Cook;
- (b) Community & Adult Services Scrutiny Committee - presented by the Chair Councillor Mary McGarry;
- (c) Economy and Culture Scrutiny Committee - presented by the Chair Councillor Rod McKerlich;
- (d) Environmental Scrutiny Committee - presented by the Chair Councillor Paul Mitchell;
- (e) Policy Review & Performance Scrutiny Committee - presented by Chair Councillor Nigel Howells.

All Scrutiny Chairs commended the work of the Committee; the time given by Committee Members; witness and stakeholders to meetings and Task Group meetings; and the invaluable support provided by all the Principal Scrutiny Support Officers.

The Lord Mayor invited questions from Members on the reports and in questioning and the responses received emphasis was made that scrutiny has an important function in the governance of the Council and holding the Cabinet and Officers to account. Each Committee had a varied programme including policy led; performance and budget scrutiny; topic lead to support the work of Cabinet in developing policy; and call-ins of Cabinet decisions.

The Scrutiny Chairs had also address matters from the Wales Audit Office report in relation to agenda management; focus of the scrutiny; task group work and outcomes from a recent survey would be analysed as part of the ongoing Review of Scrutiny improvement project.

A number of Members highlighted topics for the future Work Programmes which were being prepared by committees currently.

RESOLVED – That the work of the Committees be commended and Annual Reports be noted.

50 : CORPORATE PARENTING ADVISORY COMMITTEE ANNUAL REPORT
2015/16

The Deputy Leader of the Council and Cabinet Member for Children's Services, Councillor Lent was pleased to present the first annual report. She thanked fellow committee members for their commitment to the work of the committee on the wellbeing of looked after children and young people.

The Committee had a varied work programme; and a schedule of visits to service providers which supported other awareness and listening events to support vulnerable children & young people.

Members were invited to comment on the report and Members commended the Committee on its journey and key areas of focus; stressed the importance of listening; and were keen that lessons had been learnt from previous policies and decision made that directly affect Children and Young People. It was recognised that this directorate has increasing demands but areas such as cross directorate; traineeships and apprentice schemes as well as cross council awareness training were commended.

It was noted that Members would be invited to training on themed sessions in the autumn.

RESOLVED - That the Corporate Parenting Annual report was commended and noted.

51 : LEADER AND CABINET STATEMENTS

The following statements were received and published on the website.

The Lord Mayor invited questions on each of the statements.

Leader Statement and Economic Development & Partnerships

The Leader provided an update on the Cardiff Business Improvement District; Core Cities Cabinet Meeting and Menter Caerdydd.

The Leader responded to a question on the Night Time Economy and partnerships including work with other agencies and street pastors and recognition of the importance of this support and infrastructure

Deputy Leader and Early Years, Children & Families Statement

The Deputy Leader provided an update on Multi-Agency Safeguarding Hub; Agile & Mobile Working; Child Sexual Exploitation and new approach to Social Work with children called 'Signs of Safety'.

Education Statement

The Cabinet Member statement included information on Schools Funding; the Schools Organisation programme; regulatory inspections; Estyn inspection of the Central South Education Consortium; School Holiday Enrichment Programme; School Visits and Cardiff 2020.

Members asked a number of commended the report on school improvements observed by Estyn and also welcomed the SHEP project designed to help reduce the isolation and hunger often experienced by families in the school holidays

Transport, Planning and Sustainability Statement

The Cabinet Member advised of the official opening of Radyr Weir Hydro Scheme. Members asked for data on Kilowatt of energy generate; tariffs and income generation.

The Cabinet Member advised that he would provide the response in writing.

Community Development, Co-Operatives and Social Enterprise Statement

The Cabinet Member provided an update on the Alternative Delivery Model (ADM) – Leisure Services and Fairwater Hub Official opening.

The Cabinet Member responded to questions on budget implications of the ADM Leisure Services and NNDR rights. Further clarification would be provided the question on Pension Liability figures.

Skills, Safety and Engagement Statement

The Cabinet Member provided an update the Members Survey 2016 and Ask Cardiff Survey.

The Chair of Democratic Services advised that the outcomes from the survey

would be available shortly and the Cabinet Member indicated that an executive Summary of Member Survey results would be circulated to all Members as soon as practicable

Environment Statement

The Cabinet Member provided an update Waste Management, Enforcement, Infrastructure Services Alternative Delivery Model (ADM); Rent Smart Wales, Bereavement Services; and Parks.

The Cabinet Member responded to questions on Rent Smart; waste recycling; enforcement action and education initiatives for the household collection system; cleanliness of the city centre; fly-tipping; future of Wedal Road; rubbish left by travellers; impact of seagulls and commercial waste in city centre/

The Local Ward Member welcomed the confirmation of Heritage Lottery funding for Cefn Onn Park.

Health, Housing and Wellbeing Statement

The Cabinet Member provided a statement on Cardiff Housing Strategy 2016-2021; the Money Advice Team; the Syrian Resettlement Programme in Cardiff; the Regional Partnership Board – Locality Working; the Adult Improvement Agenda; and the all Wales National Social Services Conference June 2016.

Members welcomed the update on the resettlement programme; and emphasised the need for the support services including health; Mental Health and Counselling; access to drop in centres and foodbank services to be made available to these vulnerable families. The Cabinet Member reassured Council that work was being co-ordinated with leadership group to ensure there is access to local resources and professional and specialist capacity to support those who come to Cardiff. The Cabinet Member advised that the temporary receiving accommodation Lynx House was the responsibility of the Home Office, but she understood that issues previously raised have been resolved.

Corporate Services and Performance Statement

The Cabinet Member provided an update on Strategic Estates; Health and safety; Human Resources; ICT Digital Apprentices; Website; and C2C.

A number of issues were raised in relation to feedback and resolution of calls logged by the public with C2C. The Cabinet Member advised of investment in new customer facing self-help technology to speed processes up.

52 : MOTION 1

The Lord Mayor advised that a notice of motion proposed by Councillor Bridges and seconded by Councillor Kelloway had been submitted and was included on the Summons for the meeting.

The Notice of Motion was as follows:

The Council notes:

- The disproportionately expensive cost of holidays during the traditional school holiday period, and the impact these costs have on families in our city;
- That families want to observe designated school holiday periods, but that the excessive cost of taking breaks during these periods can prove prohibitive – meaning families often have to choose between taking no holiday at all, or taking pupils out of school during term time;
- Moves by other councils in the UK to examine existing school term arrangements with a view to shortening the summer break in order to create an additional week's holiday elsewhere during the school calendar when families can take holidays at a cheaper rate.

The Council resolves to ask the Children & Young People Scrutiny Committee to undertake a detailed analysis of the issue, and recommending possible options for future term patterns for consideration by Cabinet, before the May 2017 local elections.

The Lord Mayor advised that one amendment to Motion 1 had been received proposed by Councillor Weaver and seconded by Councillor Mitchell

- After '*The Council resolves to ask the*' insert the words 'Members of the';
- After the words '*Committee to*' add the words 'consider, as part of their future work-planning, whether they wish to'
- Delete all words after the word issue.

The Notice of Motion as Amended would read:

The Council notes:

- The disproportionately expensive cost of holidays during the traditional school holiday period, and the impact these costs have on families in our city;
- That families want to observe designated school holiday periods, but that the excessive cost of taking breaks during these periods can prove prohibitive – meaning families often have to choose between taking no holiday at all, or taking pupils out of school during term time;
- Moves by other councils in the UK to examine existing school term arrangements with a view to shortening the summer break in order to create an additional week's holiday elsewhere during the school calendar when families can take holidays at a cheaper rate.

The Council resolves to ask the Members of the Children & Young People Scrutiny Committee to consider, as part of their future work-planning, whether they wish to undertake a detailed analysis of the issue.

The Lord Mayor invited debate on the motion.

Following the debate a vote on the Amendment proposed by Councillor Weaver was taken.

Amendment was **CARRIED**

The Lord Mayor called on Councillor Weaver as the proposer of the amended motion to give the right of reply before going to the vote on the amended motion.

A vote was taken on the Substantive Motion.

The Motion was **CARRIED** as follows:

The Council notes:

- The disproportionately expensive cost of holidays during the traditional school holiday period, and the impact these costs have on families in our city;
- That families want to observe designated school holiday periods, but that the excessive cost of taking breaks during these periods can prove prohibitive – meaning families often have to choose between taking no holiday at all, or taking pupils out of school during term time;
- Moves by other councils in the UK to examine existing school term arrangements with a view to shortening the summer break in order to create an additional week's holiday elsewhere during the school calendar when families can take holidays at a cheaper rate.

The Council resolves to ask the Members of the Children & Young People Scrutiny Committee to consider, as part of their future work planning, whether they wish to undertake a detailed analysis of the issue.

53 : MOTION 2

The Lord Mayor advised that a notice of motion proposed by Councillor Michael and seconded by Councillor Ben Thomas had been submitted and was included on the Summons for the meeting.

The Notice of Motion was as follows:

This Council

- Recognises that although Wales and England voted to take the UK out of the EU, 60% of people in Cardiff voted to remain part of the EU.

- Recognises the huge benefit, both socially and economically, of being part of the EU has brought to Cardiff.
- Notes that Cardiff remains a welcoming, forward looking and inclusive European capital city.

Therefore this Council

- Calls on this Council to continue to build relationships with European counterparts, to foster the cooperation and strength that comes from working with our nearest neighbours.
- Calls on the Leader of the Council to write to Stuttgart and Nantes to reassure them of our continued commitment to them as our European sister cities.
- Calls on the Prime Minister to work with the Welsh Government to ensure that Welsh Local Government is fully represented in any EU negotiations surrounding our future relationship with the EU so that Cardiff is not adversely affected.

The Lord Mayor advised there were no amendments to the motion.

The Lord Mayor invited debate on the motion.

Following the debate a vote on Motion 2 as proposed by Councillor Michael was taken.

The Motion was **CARRIED** as follows: - .

This Council

- Recognises that although Wales and England voted to take the UK out of the EU, 60% of people in Cardiff voted to remain part of the EU.
- Recognises the huge benefit, both socially and economically, of being part of the EU has brought to Cardiff.
- Notes that Cardiff remains a welcoming, forward looking and inclusive European capital city.

Therefore this Council

- Calls on this Council to continue to build relationships with European counterparts, to foster the cooperation and strength that comes from working with our nearest neighbours.
- Calls on the Leader of the Council to write to Stuttgart and Nantes to reassure them of our continued commitment to them as our European sister cities.

- Calls on the Prime Minister to work with the Welsh Government to ensure that Welsh Local Government is fully represented in any EU negotiations surrounding our future relationship with the EU so that Cardiff is not adversely affected.

54 : ORAL QUESTIONS

Question: *County Councillor Margaret Jones*

How many representations have you had from staff of the Cleansing Department in the past 12 months complaining that they do not have enough resources to keep the streets of the city clean?

Reply: *County Councillor Derbyshire*

I have received no representations from cleansing staff and would expect Council Officers to raise any concerns that they may have through the usual channels.

Question: *County Councillor Margaret Jones*

Considering the litter has reached crisis proportions in some areas, I wonder whether you should be having a conversation with your workers. They are clearly unable to cope and must be very demoralised when they are hearing criticisms from all quarters.

Reply: *County Councillor Derbyshire*

I thought the question was about whether I'd received any representations, which I hadn't.

The fact of the matter is, as far as I'm concerned, that the issue around litter is no worse now than it's been before – it's just receiving more publicity through social media. And we are doing what we can to try and alleviate the problems going forward.

Extra resources have been put in, thanks to the budget last year, so we've got extra cleaning teams in there and an extra team to do enforcement, which I know the opposition are very keen for us to do. We have already having some success with fines being issued by that team.

So, all in all, I think we are doing what we can. But I reiterate the point that was made earlier by a colleague:

It's not the Council that drops the litter, it's the residents.

Supplementary question: *County Councillor Dianne Rees*

I am pleased to hear you mention that there is more enforcement. As you know, the Broken Window Theory predicts that well-maintained areas will be subject to less deliberate littering and less antisocial behaviour in general.

I do find your attitude is quite defeatist in the sense that you're saying that it's the general public fault. If we had more receptacles for litter, and if they are cleared more frequently, there is less incidence of litter because if you keep it clean, people keep their streets clean. It's not just a matter of saying "well, it's not our fault." It is your fault – you have a statutory duty to keep the streets clean.

Reply: *County Councillor Derbyshire*

I do find it quite amazing that Councillors one after another line up to talk about what the Council's doing. We're all part of the Council; the Council Taxpayers are part of the Council. The Council Taxpayers have to pay millions of pounds for the Council to clean the streets.

Are you telling me, therefore, that residents shouldn't take responsibility for dropping litter? When you talk to me about people putting rubbish in receptacles, the fact of the matter is when there is no bin available I take it home with me. I don't just toss it down onto the floor.

What I'm saying is that the Council has, as agreed in the budget last year put an extra resource in. We've put an extra team in which is very important and I thought the opposition were keen to see happen. Already, since 1 June when that team came in, quite a large number of fines have been issued.

We will continue along that path. We will continue to try and improve street cleaning.

However, we still need the residents to play their part.

Question: *County Councillor Walker*

The Leader will be aware that Caerphilly Council has been asked by the Welsh Government to review its LDP following a failure to yet deliver many of its intended outcomes. The Leader will also be aware of the very limited number of planning applications received (and the currently low projected housebuilding numbers involved) in response to the Cardiff LDP which made available for development huge swathes of our greenfield land. This lack of developer response could soon lead to WG reviewing this city's LDP, something that many of the citizens and communities affected would welcome.

In view of the widespread support in South East Wales for a city region approach, is it not time to include housing development as part of the Cardiff City Region Strategy and will the Leader propose such an initiative at the earliest possible opportunity? Where people choose to live and work rarely matches the artificial local authority boundaries which have been created.

Reply: County Councillor Bale

The Planning (Wales) Act (2015) established a statutory duty to deliver strategic development right across Wales and we are fully committed to engaging with the new strategic development plan process for the Cardiff capital region. This work will also be considered by the emerging governance structures of the Cardiff capital region city deal, which will seek to coordinate activity right across the ten local authority areas.

However, it will be some years before an adopted strategic development plan is in place and, in the interim, it is important the Council continues to progress the adopted LDP and meet the evidenced and urgent need for housing right across the city.

Supplementary question: County Councillor Walker

That wasn't really my question. I was asking you about the South-East Wales city region approach and I know you've got to have a plan – you've got a plan – but unless people actually then put in the planning applications, the whole plan comes to nothing, which is what's sort of happening in Caerphilly, which is why I mentioned Caerphilly, and that's why the Welsh Government is questioning Caerphilly and asked them to review their plan. If we don't get applications and build on our plan, the same thing will happen to us.

More sensible would have been to look at this on a strategic level across south-east Wales. You're committed to the city-region approach. So are we and why don't we include housing development in this?

People who live in Caerphilly work in Cardiff. I used to do so myself. And vice versa. It's quite easy.

Reply: County Councillor Bale

I think what I was trying to say – perhaps in a very formulaic way – is that there are strategic development plans planned for the whole region. That is legislation that Welsh Government has been progressing. But it is a timing issue in terms of when those will actually come into force.

At the moment, we do have different local authorities at different stages of development with their LDPs. You mentioned Caerphilly and there were some concerns with their own LDP. We have spent a great deal of time putting together an LDP that we debated at great length here. A lot of work went into that. A real acknowledgment, actually, of the master planning that had taken place and the transport planning.

But I absolutely accept your point that, going forward, if we want the functional economic area of the broader city region to work effectively, then we need to make sure that the investments we make – whether it's transport infrastructure, whether it's the allocation of employment sites, or its new housing – is planned and thought through on a regional level and I think that's something we are certainly taking steps towards.

Question: *County Councillor Ali*

How many “Vote Leave” and “Vote Remain” illegal signs were removed from the public highway and other sites during the EU Referendum campaign, and what was the cost to the City Council?

Reply: *County Councillor De’Ath*

There’s been around 100 Brexit-related signs removed in Cardiff in recent weeks and we estimate that’s cost the Council between £2000 and £3000. And, obviously, we’ll do all we can to reclaim that money for the Council Tax payer.

Supplementary question: *County Councillor Ali*

How much of this cost has been recovered?

Reply: *County Councillor De’Ath*

I’ve asked Council Officers for that figure and I’m afraid they’re still pulling together that information but I’m more than happy to supply that information in writing.

Supplementary question: *County Councillor Chaundy*

Just while I’ve got the opportunity to ask – you probably won’t know, Councillor De’Ath, whether or not it is a matter which is legal but 24 hours before, there were many dozens of these banners “vote leave” appearing on public footbridges and in all sorts of public places. I wrote to the Electoral Commission complaining about this and I have yet, so far, no reply.

Can you confirm that it’s perfectly legal to stick up banners in these places or not?

Reply: *County Councillor De’Ath*

I can’t comment on the individual locations but it’s absolutely not legal to put up whatever you like in the public realm. So no.

Question: *County Councillor Bridges*

Please set out the process by which waste is removed from private parts of back lanes (e.g. recessed entrances to garages etc.) after being fly-tipped; please also set out the difference in timescales for removal between this sort of waste and rubbish which is fly-tipped in the public highway itself.

Reply: *County Councillor Derbyshire*

The target for the removal of waste accumulations or fly-tipping (including asbestos) on adopted highway is five working days.

In 2015/16, 97.9% of reported fly-tipping incidents were cleared within that period.

Waste on private land is not automatically removed by the Council. A notice is first sent to the landowner with a specified timescale for removal, which is dependent upon the particular legislation being utilised.

Where waste is not removed within the timescale, the Council will remove the waste and seek recovery of its cost. Where the costs are not recovered due to the default of the land owner, a case will be presented at magistrate courts for the recovery of the cost.

Supplementary question: *County Councillor Bridges*

The reason for raising it is that I've had half a dozen incidents in the last few months in my ward where rubbish has been dumped in the middle of a back lane, blocking the highway, and either a motorist or a resident has taken it upon themselves to move that waste out of the way of vehicles and stick it at the side of the lane.

Of course, if it's then on private land, the Council will turn around and say "not our problem, guv – it's for the landowner to do it" and so I will say to Council "please clean this up", they will write to the landowner, we will wait several weeks and then it may or may not be removed.

My concern is that this is being used by the Council to avoid collecting rubbish that actually has been dumped on the highway and has just been moved out of the way in order that vehicles can pass and to try and get someone else to pay for it, even though it's not the fault of the landowner because the rubbish was not dumped on their land originally, and it's not the fault of the poor resident who has to walk past piles of rubbish every day.

This isn't like the moans that you've had earlier on. This is a question about process and whether actually there's a fault in the system that needs to be looked into.

Reply: *County Councillor Derbyshire*

Yes, I understand the frustration. However, the Council, despite what you say – it's not a question of abdicating responsibility it's a question of legality. If the Council was to go onto that land and remove something, as has happened in the past, without the landowner's permission, they can be challenged in the courts for removing stuff that the landowner might well say "I was putting it there because it was my property and I wanted it there."

So we have to be very careful about what we do. We have to go through due process. I cannot do what I want on this matter – I'm told legally what I can and cannot do and I have to follow procedure very, very carefully. The Council has to make sure it obeys the law.

Question: *County Councillor Dianne Rees*

Overflowing bins, litter on the streets and in parks is blight on the City. It is noticeably worse in the warm weather. How many prosecutions and fixed penalty fines for littering have been issued in the last year?

Reply: *County Councillor Derbyshire*

In 2015/16, a total of 518 Fixed Penalty Notices were issued for littering offences and there were eight prosecutions.

Supplementary question: *County Councillor Dianne Rees*

Are you aware that, in 2014 alone, Swansea issued 3000 fines worth £.25m, and our record doesn't compare terribly well to theirs?

And I just reiterate that Keep Wales Tidy advocates issuing of fines and installation of new facilities for disposal of litter and effective enforcement is part of the process of raising awareness and helping to change behaviour.

Reply: *County Councillor Derbyshire*

I totally agree with you on that, which is the reason we've got an extra enforcement team in place now. My intention is, if that enforcement team pays its way, as it seems to be doing so far, would be to going forward to get a second team in to carry out that work. And so, what we want to do is get the message across very clearly, and I will state it here and now: it is not acceptable to drop litter.

Supplementary question: *County Councillor Jonathan Evans*

In light of what you say about behaviour, is there perhaps scope to develop perhaps a little bit more robustly a public awareness and engagement campaign perhaps with our partners, such as Welsh Government and other agencies?

Reply: *County Councillor Derbyshire*

You've obviously read my mind because that is exactly what we're doing. I've got discussions going on with our team in Communications around getting a proper campaign going forward.

I've got a meeting already lined up with Keep Wales Tidy and, probably, the Cardiff Rivers group as well because I think it's very important that everybody who is interested and is keen to try and clean up the city works together.

It's no point us all working in isolation so I'm keen to get a coordinated approach to this and I think it's very important that we do and, hopefully within a month or two, you'll see the evidence of that.

Question: *County Councillor Dianne Rees*

What is the latest status of potential bids to host the Commonwealth Games and European Capital of Culture after the vote to leave the EU?

Reply: *County Councillor Bale*

The Cabinet Secretary for Economy and Infrastructure, Ken Skates AM, confirmed earlier this week that, after consideration of detailed feasibility work and given the

current financial uncertainty, the Welsh Government concluded that it wasn't in a position to bid for the 2026 Commonwealth Games.

We are, though, currently working with Welsh Government to frame our new major events strategy for Cardiff and the identity other new major event opportunities will no doubt flow from that.

We will also examine the feasibility study in due course to understand how that might impact on the strategy, as well.

Question: *County Councillor Clark*

Will the new Cardiff Bus Station be built and fully operational by December 2017?

Reply: *County Councillor Patel*

Plans for the new transport interchange are progressing well. Demolition of the site is underway and the Council remains focussed on delivering the new transport interchange as planned.

Supplementary question: *County Councillor Clark*

As you said that everything is on schedule as planned, I take it that you do mean that it will be ready by December 2017? That is what you said, is it?

It was anticipated that Marland House and the NCP car park would be demolished between April to June 2016. Yet, when I passed there a week ago, demolition hadn't started. So when do you anticipate those buildings will be completely demolished? Keeping in mind August is just next week, do you really think those delays will have no impact on the bus station completion date of December 2017?

Also, we've been told the planning application for the new bus station will be submitted in the summer of 2016. I don't remember seeing it yet. Could you just clarify when you anticipate it will be submitted, please?

Reply: *County Councillor Patel*

I think it's important to point out that lots of work has already been going round by the Central Square, and Marland House. There is work ongoing internally and to remove asbestos inside that building. The asbestos has to be cleared. And all of that work is ongoing. We're getting on with the work, although the planning application hasn't gone in as yet as we have only just purchased the land, which was approximately £15m. Work is progressing.

And, as I said very clearly, and I will repeat it just in case you didn't hear it, demolition of the site is underway and the Council remains focussed on delivering the new transport interchange as planned. And the report is coming to cabinet very shortly.

Supplementary question: *County Councillor Groves*

Will the new Cardiff Bus station be designed, constructed, and arranged to create and facilitate maximum utilisation for people impairments, covering and embracing the various and wide range of impairments which people might have?

Reply: *County Councillor Patel*

Absolutely, that is crucial because, if we are going to talk about a state-of-the-art bus interchange, then we also have to have those kinds of facilities as well. So the answer is yes.

Question: *County Councillor Hill-John*

The state of footpaths and walkways across Cardiff are in a deplorable state. Not only are they overgrown with brambles and weeds, but the surfaces are also damaged and unsuitable for residents. What is the schedule to survey and, more importantly, the schedule to clear and repair these public rights of way?

Reply: *County Councillor Patel*

I don't agree with your generalised statement about the city's footpaths and walkways being in a "deplorable state".

Footway inspections are carried out on a 1-, 3-, 6-, or 12-month basis depending on the hierarchy of the footway. Any defects found will be repaired in a timescale appropriate to the defect recorded.

With regard to weed growth, residential streets and principal routes are treated twice a year, with work being undertaken from May to September. Rear lanes are treated once a year.

A rolling programme of inspections is carried out on the Public Rights of Way network, with priority given to clearing strategic paths through the summer growing months.

If you have concerns about any specific footpaths, then please let me know and I will ask officers to look into it.

Supplementary question: *County Councillor Woodman*

In relation to weeds, I notice that you said "*twice a year, streets are sprayed on strategic pathways.*" Well, in my ward, we have a number of pathways that are alleged to have been sprayed twice in a year and the weeds are up here chest height. And, at one time, I asked officers "*instead of spraying, because it's not killing the weeds, will you go and pull them up?*" And they cut all the weeds off, to their credit, and the path looked much better.

So our system for dealing with weeds is not really working, particularly in my ward and my colleagues can verify that. When we write in, we're told they're done twice a year, yet the weeds are still there.

So, where they become a problem, if we write to you and say “well they’ve been sprayed twice this year,” will you now pull up these weeds, particularly before they seed? Then, maybe we might just have a fighting chance.

Reply: *County Councillor Patel*

What I think we need to get absolutely clear: as far as the clearance of the weeds go, it comes under the Environment portfolio. The highway comes under my area. But the point you’re making I can certainly understand.

What does happen sometimes, unfortunately, when the spray is being put down and if it’s rained, that can cause all sorts of problems as well? That’s why we try to do it during the summer months, to try and avoid when there’s rain, etc. But sometimes that’s happened. And I’m not saying that’s the case in your ward but, certainly, if those kinds of issues are occurring I think, certainly, write to the Cabinet Member , Environment or to the Cabinet Office and we will certainly look at that.

Question: *County Councillor Ali*

Will the Leader give an update on preparations for the 2017 Champions League final in Cardiff?

Reply: *County Councillor Bale*

The administration is proud to have helped secure next year’s Champions League final for Cardiff and for Wales and I can confirm that initial preparations are progressing well for what will be, in fact, the biggest sporting event in the world next year.

The Champions League final is a considerable undertaking for the city given its scale and, indeed global reach. We are looking at an estimated TV audience of 200 million people in over 200 countries and that is anticipated to provide an estimated £43 million boost to the Welsh economy.

An executive steering board has been established, which includes all of the key delivery partners and a further two site meetings with UEFA representatives are scheduled to take place in August and September.

In partnership with Welsh Government, I remain confident, based on our past experience, that Cardiff has everything to play for and will, indeed, provide an outstanding welcome and memorable experience for the fans and players next year.

Supplementary question: *County Councillor Ali*

I will be urging the leader to arrange a bucket collection for the Lord Mayor’s charity for this event.

Reply: *County Councillor Bale*

There is obviously a great deal of restrictions around these sorts of events, but you can guarantee that we’ll be looking at every way we can – building on Councillor Woodman’s point earlier tonight – to do everything we can to promote the Lord

Mayor's charity. It will be a different charity for next year, obviously – the event is taking place in June.

But there are also other opportunities to look at the legacy of these games. The UEFA Foundation is a very important partner in this and we will be looking over the next year at how we can make sure that the legacy of sport, of wellbeing, absolutely is captured as part of this event next year.

Question: *County Councillor Bowden*

What plans does the Council have to review its policy on resident-only parking in Cardiff and, if applicable, what is the timescale?

Reply: *County Councillor Patel*

The Council's parking strategy and its associated policies were reviewed and subject to Member and public consultation in autumn 2015.

Resident parking policies were included in the consultation, which proposed an area-wide approach to the provision of resident parking schemes. The new policies will be approved and published this summer.

The next review will be conducted at an appropriate point in the future.

Supplementary question: *County Councillor Bowden*

So Local Ward Members will be consulted on any changes to the resident-only parking strategy within the city-wide strategy.

As I'm looking at the report from Scrutiny, where they were referring to parking buffer zones and relaxation of the surveys, I just wanted to clarify that all of us in the chamber are familiar with what the proposal or what the policies are now.

Reply: *County Councillor Patel*

Like with all of these things, what we will be doing is consulting, absolutely. It is essential.

It is a rollout programme we will be looking at, which is a 75% residential-parking rollout scheme. What we would be doing is we will be saying "now this is the rollout programme" but one thing I've made absolutely clear, and I've said we have to have Member support. If there is not Member support, that rollout should not take place because there's no point in doing it unless the Members actually want it.

So when that area comes up next, and it could be whichever area it is in Cardiff, Members will be involved.

Supplementary question: *County Councillor Bridges*

Just picking up on that point then about Members support: clearly, in the wards where there is strong Member support and strong resident support, it would be

helpful if those schemes could be expedited. So, you know from these conversations about a part of Gabalfa ward where an increase in residents-only parking would be welcome and you've said that that will happen in the next financial year.

So, from your earlier answer, I assume therefore that we will see detailed plans on that before the end of this year. So, just knowing how these timescales tend to slip within the Council, I just wondered whether you could be perhaps a little bit more specific about when we will see detailed proposals.

Reply: *County Councillor Patel*

As I said, it is a rollout programme. It's a massive programme. The policy's only just going to be coming in shortly in the very near future. The 75% lists large sections of Cardiff and all the areas are being looked at. And, obviously one of the areas that is being started off with is the city and around outer of the city centre.

Now ideally, yes, if we had an abundant supply of money, we could say "right, any Councillor who wants it let's start rolling it out immediately." I'm not in that position to do so. And all I can say is there is a programme and Members will be kept informed of the rollout.

Question: *County Councillor Sanders*

Could the Cabinet Member outline when permissions were granted for this year's Cardiff Bay Beach and other Bay events, what commitments he sought, what commitments he obtained, and what he believes the provision will be to ensure physically disabled children have access to the same level of attractions as able bodied children?

Reply: *County Councillor Bradbury*

The Council entered into a lease agreement for this year's Cardiff Bay Beach with Sayers Amusements Ltd on 7th June 2016.

I am aware that the operator has progressively made a number of specific access improvements over recent years, including the provision of purpose-built ramps to the sand play area and shallow paddling area, as well as extended decking across three quarters of the site to avoid the need for ramps.

It's clear that you're going to have some suggestions as to what's happened here for further access improvements. If you can make them, I'm confident the contractor would be able to try and put those improvements in place.

Supplementary question: *County Councillor Sanders*

I completely understand, yes, the access to that particular event and to others for anybody with a physical disability. Yes, I would expect that.

It was more to do particularly for children, there's a particular resident in my ward who is very, very concerned and has been for a number of years – and having just been down there to the food festival, I can see what she means – is that there are-

there just aren't any activities for particularly wheelchair disabled children to take part in. So whilst they can be wheeled around – that doesn't sound great, but you know what I mean – they are just observers. They can't take part in things.

Now I know that Council isn't responsible for the activities themselves but I'm suggesting that, as a Council, we could almost become an exemplar so that those children that would love to take part with something can do something. And I would really ask you to look at that with those events organisers.

Reply: *County Councillor Bradbury*

Yeah, I'm more than happy to meet with your constituent, who I now have put two and two together and I suspect I know who that constituent is because I serve on a governing body at Ty Gwyn Special School with that particular constituent. Happy to meet with her and yourself and our events team, who negotiated the contract with Sayers, to see how we can take it forward?

Question: *County Councillor Bridges*

What is the likely impact of the Brexit vote on the south Wales metro within the, and what meetings have you had with Welsh Government since the vote to discuss the project?

Reply: *County Councillor Bale*

A total of £734m has been allocated specifically to the south Wales metro within the City Deal Heads of Terms agreement. But it is too soon to ascertain with certainty how the Brexit vote will affect the European funding component of this allocation.

I have met recently with the First Minister, the Secretary of State for Wales, and indeed the Chief Executive of Network Rail more recently to discuss both this issue and the redevelopment of Cardiff Central Station, and received positive assurances about the continued implementation of that metro project.

The First Minister has reiterated the Welsh Government's commitment with pressing ahead with the metro and it is expected that infrastructure delivery contracts for the project will be awarded in spring 2018.

Supplementary question: *County Councillor Bridges*

I am pleased that you and the Welsh Government are pushing ahead with trying to make sure that the south Wales metro project goes ahead. It is absolutely essential for the transport of our city and the economic development of the south Wales region.

Perhaps I might just ask, then, about the progress that has been made in terms of acquiring land for new stations, in particular, which I think is of concern. You will have noticed on a parochial level that I handed in a petition at the start of this meeting about a station in my own ward to serve Mynachdy and Talybont, which there is a station earmarked on the proposed metro map for Gabalfa, which would be in that site. That isn't the only site for a new station but clearly it is one of several within the city.

So what progress has been made in terms of identifying land for new stations and trying to make headway in acquiring that land?

Reply: *County Councillor Bale*

Up until the signing of that Heads of Terms, this was a Welsh Government-driven project. And at that moment in time, in March, we did secure the agreement to co-design the metro going forward.

We're still working that through in terms of the detail with Welsh Government. But what we are doing is pulling together the projects amongst the 10 local authorities that will go forward for consideration from the infrastructure fund as well as entering discussions about what a regional transport strategy might look like in the future, building very much on the points that Councillor Walker was making about more broader strategic development planning for the region, as well.

So that work is ongoing and I think later this year/early next year, we should have a much better picture and understanding of those projects as they go forward.

Question: *County Councillor Dianne Rees*

There has been a substantial increase in the number of fly-tipping incidents in my ward, particularly in the outlying rural areas. Many of the incidents are clearly of a commercial level, including tipping of builders' waste, divan beds, mattresses, and green recycling bags containing black bin waste. What do you think is the cause of the recent increase in fly-tipping incidents?

Reply: *County Councillor Derbyshire*

"There's been a substantial increase" is what you're saying here, but the Council continue to tackle fly tipping in a proactive way, as evidenced by our performance in 2015/16 when, as I said earlier, 97.9 cases of reported fly-tipping incidents were cleared within the statutory five days.

Appropriate enforcement action will continue be taken where evidence regarding the persons responsible for fly-tipping is found.

Supplementary question: *County Councillor Dianne Rees*

I'm afraid, Councillor you haven't answered my question is "*what do you think is the cause of the recent fly-tipping increase in incidents?*" But I'll give you an opportunity to answer that in a minute.

But how many Fixed Penalty fines have been issued in the last year and how many prosecutions have been issued in Cardiff for fly tipping?

It seems to be that there is a substantial amount of education needed by landowners, who don't seem to understand they need a permit or an exemption to allow waste onto their land and if they don't have that permit they may be breaking the law. And also that householders have a duty of care to look after their waste and to make sure

their waste is passed on to an authorised person for disposal – somebody with a “registered waste carrier” license.

I would be grateful if you could answer those questions at a later date but also could you please answer my initial question, which was “what do you think is the cause of the recent increase in fly-tipping incidents?”

Reply: *County Councillor Derbyshire*

In regard to your point around how many notices, I refer you to the answer I gave to question five, where you asked exactly that question.

County Councillor Dianne Rees

In terms of fly tipping, I haven't got the separate information but I can get you that.

In terms of why it's happening, I think there's been a number of reasons over the past year or so where there's been an increase. Not just in Cardiff, by the way, but all over the country – all over the UK.

Social media, for instance, is playing quite a part in that because, where illegal people are coming out and offering, as they do, to remove waste from people's gardens, this is done a lot more through social-media networks now and people, unfortunately, take the opportunity because they think someone's coming along with an offer to remove garden waste or kitchen waste or whatever it is. My advice to those people is if it sounds too good to be true then it is, because these people are coming along, taking the remains of your kitchen or whatever, and taking it and fly tipping it.

In terms of, also, the reduction of scrap metal and metal thefts, so those things are not as popular now and it's actually cheaper to dump it than it is to be able to get paid. And also the increase in the price of asbestos removal and disposal, as well. So, in other words, when people want that sort of thing removed, they're being quoted a higher price for the bona fide people so they tend to go to the unscrupulous ones.

There are numerous reasons why it's happening and it's not just in Cardiff.

Supplementary question: *County Councillor Hyde*

There have been two furores that I know of during your tenure as Cabinet Member for the Environment.

The first one was the advent of the smaller black bins, which got everybody wound up. And I remember in scrutiny asking you “what about fly tipping?” And your answer to the committee was that there was no increase in the fly tipping and that there wouldn't be any.

There's a second furore caused by you, which was about the closure was about the closure of the Household Waste Recycling Centres (HWRCs). That, again, you were

asked in scrutiny and what happened was that you said the same answer, which was that there's no increase in the fly tipping and there won't be any.

Now it doesn't take anybody with too much common sense, does it, to read the Echo and see this week in Tuesday night's edition all the photographs showing all the litter-strewn streets of Cardiff? And of course the big story about fly tipping.

My question is quite simple what went wrong with your grand plan? And would it not be time for you to reconsider your condition?

Reply: *County Councillor Derbyshire*

I remember your question to me about the smaller bins at scrutiny and you said that you filled your big bin now and I pointed out to you that you were the sort of person we needed to get to recycle more. But I won't go into that one.

The point of the matter is that there's been no evidence to show that smaller bins are increasing fly tipping, and why should it? Because, are you telling me that because someone has a smaller bin now that they are actually going to go out and say "right, my bin's full. Therefore, I'll fly tip the remainder"? That's not a very nice thing to say about residents, is it?

And in terms of the HWRCs, I'll also point out that during my tenure, which you're pointing out is my "grand plan" – during my "grand plan", I haven't closed one single household recycling centre.

Question: *County Councillor Knight*

What steps are the Council taking to deal with waste issues in the city centre?

Reply: *County Councillor Derbyshire*

Most of the waste issues reported in the city centre are associated with commercial waste bags being torn open by seagulls. And I'm not criticising seagulls.

But a number of actions are being implemented by the Council to help reduce this problem and to improve the city centre street-scene. These include:

- the provision of additional bin containers in Mill Lane, which I know is a particular issue;
- additional patrols by the Waste Education & Enforcement Team, so they are out there trying to encourage businesses to do what they need to do;
- late afternoon and early evening working by additional cleansing teams; and
- the adjustment of commercial waste collection rounds, where possible, to remove bagged waste more carefully and quickly.

Supplementary question: *County Councillor Knight*

This has kind of been asked and answered in the statement but I wanted to address a specific issue and, as a city centre resident, I often see the late-at-night rubbish

and the early morning and the heroic effort that the staff have managed to achieve in those hours. So I think, firstly, if we could thank the staff for the work they do.

But also, as you've mentioned, it's the early evening pickups where the seagulls, which are the problem, can attack the bags, which obviously contain a lot of food waste. So I know you said you're looking at it and you've got staff who work with the businesses, but I think there is a very particular issue there. And obviously prevention is much better than having so many staff at night having to pick up all the waste at the end.

So what can you do to address that specific issue?

Reply: *County Councillor Derbyshire*

Yes, I totally agree. And the problem is the businesses themselves need to be shown that this isn't the way to work.

It's interesting that we've just signed up for the BID where they're actually giving us now more money to help us actually clean up the city centre but, in fact, a number of them are actually contributing to the fact that it's so dirty.

So we're trying our best separately to the BID and we'll have extra money to deal with it through that but the additional cleansing team is actually going to be working 5.00 till 9.00 in the evening so that those people who haven't actually put their bags out in time will hopefully that will be cleared.

And also the weekend cleansing is a real problem because, in fairness, I don't want to be sending teams out late on a Saturday night to be clearing the city because their health and safety is paramount, as far as I'm concerned. But it will extend to 9pm in the evening.

But, as you quite rightly point out, what we need to do is get the businesses onside. If they start to actually present their waste in a sensible manner, we won't have half these problems.

Supplementary question: *County Councillor Sanders*

Regularly, once a month at the end of my street pastor shift going through the Hayes at half past four in the morning going back to my car, seeing all the rubbish is absolutely extraordinary. Everybody should go and see it.

But could you agree with me to congratulate the teams who at 4.30/5.00 in the morning go out and clearing these mounds and mounds and mounds of rubbish in amongst all the bodies and anybody else who happens to be lying on the floor around the place at 4.30? What they do is an extraordinary job and I would highly commend them in lots and lots of different ways. I just thought it was important to recognise in the context of what you're saying because they do an extraordinary job.

Reply: *County Councillor Derbyshire*

I'll pass on that gratitude because they work extremely hard, get very little gratitude for it – mainly because the only people who are out there at that time in the morning

are often laying face-down in the gutter. So I think it's important that they are recognised for what they do. It's not the fault of the staff that we've got this problem.

Question: *County Councillor Woodman*

In relation to the new bus station build, will the developer or any other body be installing hostile vehicle mitigation measures during the new build from the outset, or will consideration be given to such installations after the new build is complete, or is it a case of securing additional funding for measures to be done at a much later date?

Reply: *County Councillor Patel*

A form of steel bollards will be provided as part of the wider Central Square public realm improvements. These will assist in controlling access to the pedestrian areas immediately adjacent to the new bus interchange and surrounding area.

Supplementary question: *County Councillor Woodman*

You don't actually answer my question. They will be part of the wider Central Square. I've asked will they be done when the new build is progressing. Will they be done after the new build has done or will it be at a much later date?

And also, is it – as my supplementary because you haven't answered the first one, either – is it actually part of the corporate risk register [holds up document] that went before Cabinet yesterday or is it in addition to all these outstanding gateways?

Reply: *County Councillor Patel*

I think it's pretty clear what I did answer. I have said the steel bollards will be done. Obviously, when a planning application comes in, a lot of those issues will be in there as well. And I'm sure we'll be actually talking to the police and many other organisations as well with all of those kind of things, which are crucial, absolutely crucial, and therefore those dialogues will take place during the appropriate time.

Question: *County Councillor Hudson*

Could we have an update on progress on the Viridor incinerator site with regard to capacity and financial issues?

Reply: *County Councillor Derbyshire*

The Trident Park Energy Recovery Facility in Cardiff is operated by Viridor and has a processing capacity of 350,000 tonnes of non-recyclable waste per annum.

As part of the Prosiect Gwyrdd partnership between Caerphilly, Cardiff, Monmouthshire, Newport, and the Vale, the Council has secured a 25-year contract with Viridor for the thermal treatment of non-recyclable waste.

The full Prosiect Gwyrdd contract is now in place and the relationship with Viridor is managed with accordance with the contract. No financial issues have been brought to the attention of the Council.

Supplementary question: *County Councillor Hudson*

As I've read recently that Viridor wants to expand the scope of its operation, how will this affect Cardiff? For example transport issues, etc. And, basically, what's in it for us?

Reply: *County Councillor Derbyshire*

I understand that a planning application has gone in, yes. But as you can imagine, that's a responsibility for the Planning Committee, not me.

Supplementary question: *County Councillor Howells*

I appreciate you won't be able to give me this information now, but if you could supply it to me in written form. How does the amount of waste that is generated outside Cardiff coming into Viridor, compared to what was envisaged and how many vehicles are coming into Cardiff with what we thought would be coming into Cardiff? I appreciate you won't have that information to hand.

Reply: *County Councillor Derbyshire*

I obviously can't give you a definitive answer, Nigel, as you appreciate. But what I can tell you is that it's pretty much in line with what was anticipated and I asked only the other week about traffic issues and I was told that the traffic management was working well so there are no particular issues with that. So it's all going according to what we anticipated within those bounds, at the moment.

Question: *County Councillor Mitchell*

I was proud to attend the official opening of the Fairwater Hub and was impressed by the various groups that attended. Would the Cabinet Member agree that this success was down to the commendable and unsung efforts by Council staff and Officers and volunteers?

Reply: *County Councillor Bradbury*

You'll be unsurprised to know that I agree with you and I would like to thank everyone involved in making the Fairwater Hub such a success.

It's a pleasure to see council staff working in partnership with local community groups and volunteers to make the Hub a success.

Fairwater is our eighth Hub and builds on the success of the programme, last year the footfall into the hubs was 925,000, showing that local communities really appreciate the facilities that they offer.

Our investment in Community Hubs continues this year with both Llandaff North Hub and STAR Hub opening later this year.

In Spring 2017, we will see the completion of the Powerhouse Hub and plans are underway for a Hub in Llanishen to support those in the north of the city.

Once again, I would like to thank staff, community groups, and volunteers for all their hard work and I am sure that the Fairwater Hub will be a great success.

Supplementary question: *County Councillor Mitchell*

It's not just I'm pleased that it's in my ward but this model is being rolled out across the city. And I raised the question simply because I don't feel that the hard work of the staff, the volunteers, and all the groups that have come together in all our wards to support these hubs and make them a success is recognised.

I do have two small supplementary minor niggles.

One is that the Hubs, under the Welsh Language Act, have to provide translation for local groups coming in, putting up posters for boot sales and other events within the ward. And there's still a few glitches in the translation service we provide I hope you will iron out.

And secondly, with the Fairwater Hub itself, because the sign is projecting from the wall and we have seats, there is already evidence that youths are gathering there and using the Hub sign itself as a climbing frame and could you monitor that and make adjustments to the seating and sign, should that be a problem?

Reply: *County Councillor Bradbury*

Yeah, I know what you're trying to say but I don't think I can go and personally monitor kids climbing on the Hub sign but I'll take it back and speak to Officers about that.

On the Welsh language issue, that is legislation that's been brought in by Welsh Government and the translation service falls within the portfolio with the Welsh language of the Leader and he would have heard the points you were making.

Supplementary question: *County Councillor Carter*

As you very kindly mentioned the Powerhouse, I felt obliged to chuck in a supplementary question on this.

Can you reassure me that you will continue to work with us on the fine details *vis-à-vis* the exact services going into the Powerhouse Hub and exactly how it's all going to pan out? I was very grateful for our email conversation around the library, for example. It was unfortunate to learn about that from the community rather than the Council. So thank you for your intervention on that.

And secondly, coming back on Councillor Mitchell's point, can you reassure us we will also have the same invitations to our Powerhouse Hub? I seek that reassurance in the past where local Councillors have not been invited to official openings while local MPs and AMs have. So I'd be grateful for that reassurance.

Reply: *County Councillor Bradbury*

I always insist that local Members are invited to openings of Hubs. Some attend, some don't. In Fairwater's case some attended, some didn't.

In the case of the services in the Powerhouse, I'm happy to continue the tradition I've continued with other Members of the Council. If you as local Members have anything that you feel would enhance that offer in terms of services, or you know of local groups who would like to go in there, I'm happy to speak to the four of you about that as well. As you're nodding your head, I think you know I have a proven track record of doing that.

Question: *County Councillor Wild*

Can you please confirm that the coach station in Sophia Gardens will not be used as a longer-term solution?

Reply: *County Councillor Patel*

The new transport interchange at Central Square will have the facility for coaches to drop off and pick up passengers.

Supplementary question: *County Councillor Wild*

Can I just ask what safeguards will be put in place to ensure that the bus numbers do not grow above the levels prior to the current temporary position – that they'll go back to the time when there were very few buses in Sophia Gardens?

Reply: *County Councillor Patel*

Obviously, we're talking about the coaches, I'm assuming, rather than the buses, yeah?

As far as the buses go, what will be happening is as we've always said, we will have the option to be able to go straight back over there, which is what their preferred option's always been. They've always said that's where they would like to go and that's why we're providing the facilities at that point for them as well. So, therefore, I can't say what numbers it will be because I obviously don't know whether they will start to increase their numbers in two years' time, a year's time, and six months' time. What I can say is that there certainly, definitely will be facilities for them to be able to use the new bus interchange.

Supplementary question: *County Councillor Dianne Rees*

Can you confirm, Councillor Patel, where coaches both UK and overseas coaches visiting Cardiff will park overnight and for what cost? Because, I recently had a problem in my ward where overseas coaches parking in an antisocial manner in residential streets and even on the pavements when they were visiting Cardiff for several days at a time.

Reply: County Councillor Patel

If anyone is parking coaches illegally, it's really a police matter because clearly they are parking illegally. They have got areas where they are supposed to park. They should be their depots if they are going from one place to another, they would have a plan. Those coaches should know where to park. Like lorry drivers – they would know where to park. And obviously, if you find coaches are parking illegally, it's a police matter, especially if they're parking illegally.

The coach facility in Sophia Gardens is purpose built, as you are well aware, and that will always be the case. So that's not something which is going to disappear. What's actually happened is the question which Caro has asked, which was very, very clear. Obviously, the facility, when we have the facility built, the coaches will be allowed to go back to Central Square, which is where a lot of the coach drivers, coach companies would prefer to use from there. And that facility will be there. The facility at Sophia Gardens has been in existence for many, many years and will continue to exist.

55 : URGENT BUSINESS (None)

56 : APPOINTMENT OF MONITORING OFFICER

The Council was recommendation to designate Davina Fiore, the prospective Director of Governance and Legal Services as the Council's Monitoring Officer in accordance with Section 5 of the Local Government and Housing Act 1989, with effect from 19 September 2016.

The Lord Mayor on behalf of Council thanked Mr David Marr for undertaking the Interim Monitoring Officer and his advice and support over the last 4 months.

RESOLVED - That Davina Fiore, the prospective Director of Governance and Legal Services be designated as the Council's Monitoring Officer in accordance with Section 5 of the Local Government and Housing Act 1989, with effect from 19 September 2016.

57 : MEMBERS' SCHEDULE OF REMUNERATION 2016-2017

The Members' Schedule of Remuneration 2016-17 which had been updated to include changes following the annual meeting was submitted for approval along with delegate authority to the Monitoring Officer to update the Members' Schedule of Remuneration as required

RESOLVED - That

1. the Members' Schedule of Remuneration 2016-17 based on the proforma schedule provided by the Independent Remuneration Panel for Wales was approved;
2. delegated authority was approved for the Monitoring Officer to update the Members' Schedule of Remuneration and to make any necessary amendments to the 2016-17 Schedule from time to time during the municipal year in order to

reflect any changes in membership of the Council, Cabinet or Committees or as a result of any Supplementary Reports issued by the Independent Remuneration Panel for Wales.

58 : APPOINTMENT OF A PARENT GOVERNOR TO TEMPORARY GOVERNING BODY

The Council is requested to approve a nomination received to the temporary Governing Body of Ysgol Gynradd Gymraeg Hamadryad .

RESOLVED – That the appointment of Dr Eleri Jones as a Parent governor to the temporary Governing Body of Ysgol Gynradd Gymraeg Hamadryad was approved.

59 : VARIATION TO THE SIZE AND ALLOCATION OF SEATS ON SCRUTINY COMMITTEES

The Council received a report to vary the size of the Scrutiny Committee to eight Members for the remainder of this municipal year; and approve any changes of Membership to Committees which are included on the amendment sheet; and for delegated powers to be given to the Interim Monitoring Officer to give effect to any changes in membership received after the meeting so that these can be implemented in time for the next cycle of meetings.

RESOLVED – That

1. the variation in size of the Council's established Scrutiny Committees from 9 to 8 Members for the remainder of this municipal year was approved;
2. any changes in membership of these Committees as provided by Party Group Whips were approved;
3. delegated powers be approved for the Interim Monitoring Officer to give effect to any changes in membership received after the meeting so that these can be implemented in time for the next cycle of meetings.
4. the nominations to the Pension Committee be approved as follows: -

Councillors Elsmore, Evans and Hinchey (Labour);
Councillor Margaret Jones (Liberal Democrat);
Councillor Graham Thomas (Conservative).

(The meeting closed at 21.45)

60 : WRITTEN QUESTIONS

LEADER – ECONOMIC DEVELOPMENT AND PARTNERSHIPS
(COUNCILLOR PHIL BALE)

WRITTEN QUESTION FROM COUNTY COUNCILLOR CHAUNDY

Why are the maintenance costs or reasonable supporting maintenance plans *not* included or *considered* in the assessment process for Member's

Neighbourhood Renewal Projects (e.g. such as children's play areas)?

Reply

Neighbourhood Renewal Schemes are funded from the Council's Capital Programme, which cannot be used to fund ongoing maintenance costs. However, maintenance implications are a consideration in the assessment process used to determine which Neighbourhood Renewal Scheme project ideas are prioritised.

In many cases, Neighbourhood Renewal Scheme projects involve the replacement of run-down and obsolete infrastructure with high quality public realm improvements, which result in reduced maintenance requirements and associated cost savings. Where new facilities, such as play areas, are prioritised and where ongoing maintenance costs present a challenge because of pressures on directorate budgets, then the use of supplementary funding sources (such as Section 106 monies) may be explored in order that a project can be progressed.

Chair: _____

Date: _____

CITY OF CARDIFF COUNCIL**COUNCIL : 29 SEPTEMBER 2016****PUBLIC QUESTION NO. 1****QUESTION TO COUNTY COUNCILLOR PATEL
(TRANSPORT, PLANNING & SUSTAINABILITY PORTFOLIO)****PUBLIC QUESTION FROM ASHLEY WOOD**

Speeding cars have long been an issue for residents living on Llantarnam road and the adjacent Margam and Caerleon roads in Mynachdy. I understand the council has previously drawn up plans for road calming measures to address this issue. Can you confirm that the council still intends to implement these plans, and if so, when these plans are expected to be taken forward?

PUBLIC QUESTION NO. 2**QUESTION TO COUNTY COUNCILLOR PATEL
(TRANSPORT, PLANNING & SUSTAINABILITY PORTFOLIO)****PUBLIC QUESTION FROM JOHN ROBERT JONES**

Pedestrians and children using the Taff Trail are put at hazard by cyclists moving at great speed, failing to slow when they approach and for the main part, neglecting to sound their bell. Often they come in a large group; it is most alarming when such a group arrives silently from behind; to make matters worse cyclists, in many cases, make it evident that they regard pedestrians as unwelcome interlopers on their racetrack. What do you plan to do to fulfil your duty of care to pedestrians using the Taff Trail and to encourage cyclists to behave courteously and safely?

PUBLIC QUESTION NO. 3

**QUESTION TO COUNTY COUNCILLOR PATEL
(TRANSPORT, PLANNING & SUSTAINABILITY PORTFOLIO)**

PUBLIC QUESTION FROM EMMA SANDREY

Weeds, the kind that overgrow between the cracks of pavements, have recently been a hazard for residents of Pentwyn and Llanedeyrn. My own grandmother very nearly had a nasty fall as a result of some in our local area. We've noticed that the weeds have since been sprayed with weed killer. Can the council shed light on the weed killing programme, i.e. when was it carried out, how much did it cost, and how many council workers were involved?

**COUNCIL: 29 SEPTEMBER 2016**

**STATEMENT OF ACCOUNTS 2015/16 AND ANNUAL TREASURY
MANAGEMENT REPORT 2015/16****REPORT OF THE CORPORATE DIRECTOR RESOURCES****AGENDA ITEM:**

Appendix 7, Annexes 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 2015/16 is presented in order to meet the requirement of the Accounts and Audit (Wales) Regulations 2005 (as amended). 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 2016.
3. In accordance with the Council's Treasury Management Policy Statement, the Annual Treasury Management Report for 2015/16 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 2015/16. 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 accounts were submitted to Wales Audit Office on 15 June and the external audit undertaken over a three month period. In addition the accounts have been available for public inspection as required by sections 30 and 31 of the Public Audit (Wales) Act 2004 and Regulations 13,15 and 16, of the Accounts and Audit (Wales) Regulations, 2005 (as amended).
5. The Audit Committee met on the 19 September 2016 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. No significant issues were raised by Audit Committee with any suggested clarifications included in the Accounts. The Chair of Audit Committee congratulated all those involved in the production of the Financial Statements and commented positively on the brevity of the ISA260.

City of Cardiff Council Accounts

6. Some of the main points evident in the 2015/16 Statement of Accounts are:
- The Council Fund Balance has increased by £2.101 million to £15.255 million as at 31 March 2016, part of which was planned to be used towards meeting the budget for 2016/17. The Fund balance is 2.68% of the net expenditure budget of the Council for 2015/16. The detailed position in relation to the Outturn Report for the Council was presented to the June 2016 Cabinet meeting.
 - Council Fund Earmarked Reserves including any share of joint committee reserves increased by £18.493 million to £51.637 million as at 31 March 2016. Earmarked reserves are amounts set aside to provide financing for future expenditure plans. Page 44 of the Statement of Accounts highlights the reserves held and movements to and from them in the year. Reserves continue to be reviewed in accordance with accounting practice and in order to improve financial resilience where possible.
 - The Housing Revenue Account (HRA) balance remained at £8.438 million as at 31 March 2016. This is available for spending on HRA matters only.
 - There has been an increase in the net pension's liability of £6 million to £553 million. This reflects the benefits earned by past and current employees and the resources the Council has set aside to meet them and is based on assumptions made by the Council's Actuary including financial, demographic and changes in experience assumptions. The next actuarial valuations of the Pension Fund is to take place in 2016/17, which will update assumptions and set in place a revised long term strategy to manage the deficit.
 - Council dwellings and operational assets excluding schools were revalued during the year. Such movements are accounting adjustments which are reversed elsewhere in the accounts and do not have an impact on the Council tax or rent.
 - Long term liabilities have increased, primarily as a result of the £187.3 million of borrowing that was required to be undertaken in order to make the Housing Subsidy exit settlement payment during the year.
 - Income meeting the definition of usable capital receipts during the year totalled £11.4 million, which included sale of land identified in Note 30 as page 92 of the Statement of Accounts. This included £1.7 million in respect of the Right to Buy Scheme for Dwellings and £2.4 million in respect of sale of land adjacent to County Hall, the first £2 million tranche from the disposal of the central bus station site and £1.3 million received from the disposal of the Council's Joint venture in the Medicentre. Where receipts are carried forward in the Usable Capital Receipts reserve, they are earmarked for future capital schemes.
7. Other accompanying notes included in the statements either as a result of legislative or accounting requirements are:-
- Disclosures on financial instruments (Financial Assets and Financial Liabilities)
 - Capital Expenditure and financing
 - Officer remuneration and exit packages and

- Civil Parking Enforcement funds
8. Attached at Appendix 2 is the “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.
 9. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with a signed Final Letter of Representation which is included within the Audit of Financial Statements Report.
 10. There are currently no misstatements identified in the financial statements, which remain uncorrected. Corrected misstatements are summarised in Appendix 3 to the Audit of Financial Statements Report (Appendix 2).
 11. The WAO report also highlights a number qualitative findings, which they have stated as follows:
 - **We have no significant concerns about the qualitative aspects of your accounting practices and financial reporting but you need to clear old creditors balances from the ledger.** Overall 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. However, our testing did identify a number of prior years’ creditors balances which hadn’t been cleared when payments or adjustments had been made. Extended testing provided assurance that these balances were matched by debit entries to other codes and therefore the creditors balance in the accounts was materially correct. But, by not matching creditors and clearing, you increase the complexity of the year end reconciliation process and the testing required to verify figures in the accounts. You also increase the risk that transactions may be included which are not true creditors.
 - **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**
 - **There are no ‘other matters’ specifically required by auditing standards to be communicated to those charged with governance.**

Cardiff and Vale of Glamorgan Pension Fund Accounts

12. The accounts for the Cardiff and Vale of Glamorgan Pension Fund are included in the Statement of Accounts in Appendix 1 (pages 104 to 126) and have been audited by the Wales Audit Office. The auditor’s draft “Audit of Financial Statements Report” for the Pension Fund is attached as Appendix 3.
13. The Cardiff & Vale of Glamorgan Pension fund assets fell by 1.6% during 2015/16 from £1.68 billion to £1.65 billion as at 31 March 2016. This was mainly as a result of volatility in global equity markets. Whilst the assets on average have grown over the past three years, the continuing low interest rates and expectations of lower

investment returns in the future are likely to result in increased liabilities at this year's triennial valuation.

14. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with a signed Final Letter of Representation, which is included within the Audit of Financial Statements Report.
15. There are 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.
16. WAO Audit of Financial Statements Report also highlights a number qualitative findings, as follows:
 - **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**
 - **There are no 'other' matters specifically required by auditing standards to be communicated to those charged with governance.**

Cardiff Port Health Authority and Cardiff Harbour Authority Accounts

17. The Council's external auditor is also required to audit the annual return of the Cardiff Port Health Authority (CPHA) and the audit opinion is attached at Appendix 4.
18. 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 and Final Letter of Representation is attached at Appendix 5.
19. No significant uncorrected misstatements were raised during the audit.

Overview of Audit Opinion

20. Local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. A summary Statement of Accounts note is included at Appendix 6, extracting the main statements.

21. Following the period of external audit it is pleasing to note that any recommended amendments and qualitative findings following a thorough audit are minimal for an authority the size and complexity of Cardiff. Officers of the Council have worked extremely closely with Wales Audit Office in support of their audit role and will take forward any recommendations arising.
22. Future years changes in the Statement of Accounts will include:-
 - Implementation of new accounting requirements such as transport infrastructure assets and associated judgements required to be made
 - The need to continue to simplify and de-clutter accounts, with aim of supporting the reader of the accounts
 - The need to minimise the period over which the accounts are prepared and also audited as a result of changes in legislation.
23. The above items will need to be considered with auditors during 2016/17.

Treasury Management Annual Report 2015/16

24. The Treasury Management Annual Report is attached at Appendix 7. It sets out the economic background within which treasury activities were conducted, the position on investments and borrowing as at 31 March 2016, it indicates compliance with indicators set in the budget report for the year and sets out key issues that are being monitored closely in 2016/17 that could impact on treasury activities.
25. 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.
26. The overall position on investments and external borrowing are:
 - At the 31 March 2016, investments stood at £58 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 2015/16 and 2016/17, with diversification sought where possible. An update on the 2016/17 Mid Year Treasury Management position will be provided to Council in a further report.
 - At the 31 March 2016, the Council had £666.1 million of external borrowing in order to pay for historical capital expenditure, with a further £43 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 4.84% at the 31 March 2016 and total interest paid on the external debt, which includes the Housing Revenue Account, was £32.2 million.

Legal Implications

27. The Report is reported to Council to meet statutory, regulatory and codified requirements to do so.
28. 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 Audit Commission Act 1998, section 27(1) as well as all other applicable statutory provisions. The regulations currently in force are the Accounts and Audit (Wales) Regulations 2005 (as amended) ("the Regulations"). The 2005 Regulations confer specific duties upon 'the responsible financial officer', defined in regulation 2(2) of the 2005 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.
29. Regulation 7 of the 2005 Regulations imposes a duty to prepare a statement of accounts and stipulates the form which such a statement shall take and its content. By regulation 9 of the 2005 Regulations, the statement of accounts must be approved by the relevant committee or by the Council meeting as a corporate body as soon as reasonably practicable, and in any event before the 30 September immediately following the end of the financial year. Regulation 9 of the 2005 Regulations also makes provision in respect of the signing and approval of the various forms of accounts required to be prepared under the 2005 Regulations.
30. As soon as reasonably possible after conclusion of an audit, and in any event before 30 September immediately following the end of the financial year, the Council must publish by means other than by reference in documents of meetings, committees or sub-committees, the statement of accounts 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, and keep copies available for purchase by any person on payment of such sum as the Council may reasonably require (regulation 10 of the 2005 Regulations).
31. The 2005 Regulations also make provision in respect of arrangements to be made for the public inspection of the accounts (regulation 13). Failure to comply with the requirements laid down by, inter alia, regulations 7 and 10 of the 2005 Regulations constitutes an offence (regulation 21).
32. The approval of the Authority's Statement of Accounts is not a matter for the Cabinet. The Council has not delegated its powers to approve the Statement of Accounts and thus the matter needs to be considered by the Council.

Financial Implications

33. 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 and also to receive the annual Treasury Management Report for 2015/16 in accordance with Council Treasury Management Policy.

34. 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 2017/18 and will inform the medium term financial plans.

RECOMMENDATIONS

Council is requested to:

1. Approve the audited Statement of Accounts for the ended 31 March 2016 (Appendix 1).
2. Note the Audit reports of the Wales Audit Office on the Statement of Accounts of City of Cardiff Council, Cardiff and Vale of Glamorgan Pension Fund, Cardiff Port Health Authority and Cardiff Harbour Authority for the year ending 31 March 2016 (Appendices 2, 3, 4 and 5).
3. Note the final Letters of Representation for City of Cardiff Council, Cardiff and the Vale Pension Fund and Cardiff Port Health Authority.
4. Note that the following documents will be formally signed at the conclusion of the meeting:
 - Statement of Accounts for City of Cardiff Council including the Cardiff and Vale of Glamorgan Pension Fund – Lord Mayor and Corporate Director Resources
 - Statement of Accounts for Cardiff Harbour Authority – Corporate Director Resources
 - Annual Return of Cardiff Port Health Authority – Lord Mayor and Corporate Director Resources
 - Annual Governance Statement (within the accounts) – Leader of the Council and Chief Executive
 - Audit Certificate for City of Cardiff Council and Cardiff and the Vale of Glamorgan Pension Fund – Appointed Auditor, Wales Audit Office. To be signed at a later date.
 - Letter of Representation for Cardiff and Vale of Glamorgan Pension Fund – Leader of the Council and Corporate Director Resources
 - Letters of Representation for City of Cardiff Council – Leader of the Council and Corporate Director Resources
 - Letters of Representation for Cardiff Port Health Authority – Leader of the Council and Corporate Director Resources.
5. Note the Treasury Management Annual Report for 2015/16 (Appendix 7).

CHRISTINE SALTER
Corporate Director Resources

The following appendices are attached:

Appendix 1 – Statement of Accounts 2015/16

Appendix 2 – Audit of Financial Statements Report for City of Cardiff Council including Final Letter of Representation

Appendix 3 – Audit of Financial Statements for Cardiff and Vale of Glamorgan Pension Fund including Final Letter of Representation

Appendix 4 - Cardiff Port Health Authority Annual Report audit opinion

Appendix 5 – Audit of Financial Statements for Cardiff Harbour Authority including the Final Letter of Representation

Appendix 6 – Summary Statement of Accounts 2015/16

Appendix 7 – Treasury Management Annual Report 2015/16

Statement of Accounts

› 2015/16

The County Council of the City and County of Cardiff, Cardiff Port Health Authority and Cardiff Harbour Authority Page 47



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STATEMENT OF ACCOUNTS

2015/16

OF

**THE COUNTY COUNCIL OF THE
CITY AND COUNTY OF CARDIFF**

Narrative Report

1.1 Narrative Report

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 the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16.

The Financial Statements

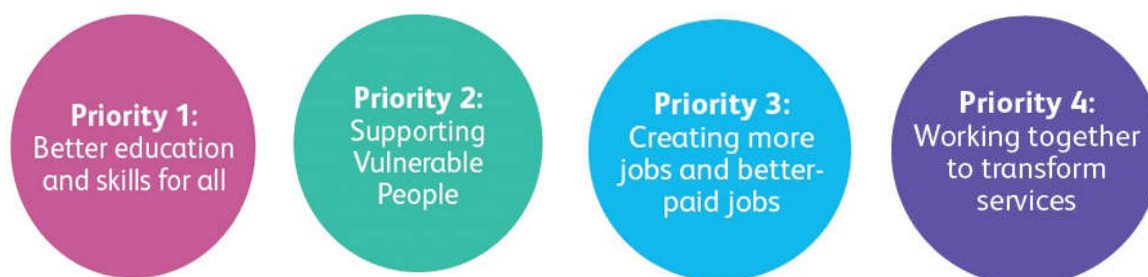
The financial statements, accompanied by a Statement of Responsibilities and the Auditor's Report, are set out on pages 19 to 149 and comprise:

- 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
- Trust Funds

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, Shared Regulatory Service and the Regional Adoption Service Joint Committee. The Council's share of the transactions and balances of these Joint Committees are incorporated in these financial statements. Separate financial statements for each Joint Committee are also available.

Corporate Plan 2015-17

The Corporate Plan sets out what the Council will do, how we'll do it, and how we will monitor progress. The City of Cardiff Council faces a number of pressures which needed to be taken into account when developing the Corporate Plan. For instance, Cardiff is projected to have the fastest growing population of any city in the UK - this means a growing demand for key services and need to address a budget gap. Because of these pressures, we need to focus our energy and scarce resources on the areas that need them most, and so the Plan has four priorities.



In each priority area the Corporate Plan sets out demanding targets for important performance indicators which have been subject to a thorough and rigorous target setting exercise between Cabinet Members and Directors.

Medium Term Financial Plan

Cost pressures and reductions in funding for Local Government have resulted in significant financial challenges for the Council.

Narrative Report

The Council has faced a prolonged period of financial restraint having identified over £200 million in savings or additional income over the past ten years in order to balance the budget. The scale of recent savings coupled with the redirection of funds into areas which are protected by Welsh Government or are the source of significant demand pressure, set an extremely challenging starting position from which to move forward.

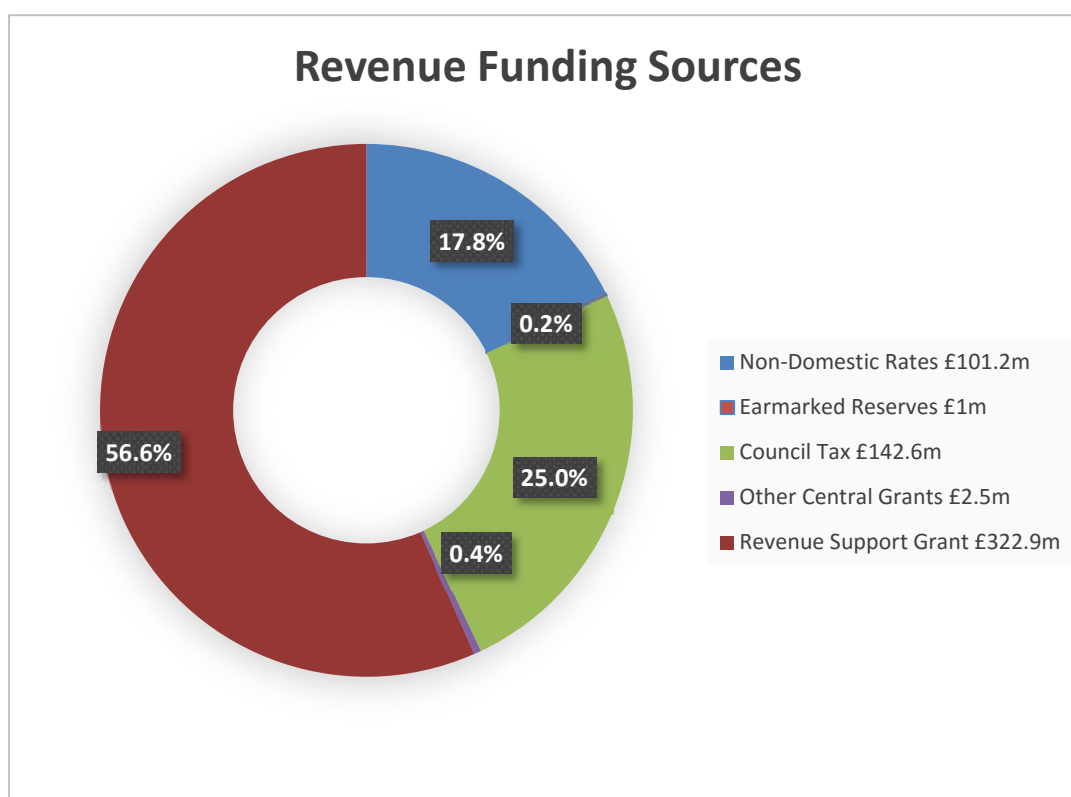
The economic climate and need to continue to demonstrate value for money will mean that such pressures will continue for a number of years as highlighted in the Council's Medium Term Financial Plan (MTFP). The 2016/17 Budget Report identified a budget reduction requirement of £73 million over the three year period covered by the MTFP, of which £25 million needs to be delivered in 2017/18. Whilst the gap identified is a lower reduction requirement than in recent years, it will still be a significant challenge to be addressed through a combination of further directorate budget savings, commercialisation of services, use of technology and alternative delivery structures to provide services and increases in the rate of Council Tax.

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. This was included in the budget report to Council in February 2016.

Financial Performance

Revenue Funding and Revenue Expenditure Outturn

The Council, at its meeting on 28 February 2015, set a cash limit budget of £570.219 million for 2015/16. 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.



Narrative Report

Directorate Outturn 2015/16

Directorate	Net Expenditure Budget £000	Net Expenditure Outturn £000	Variance (Under)/Over £000
City Operations	49,905	49,902	(3)
Communities, Housing & Customer Services	46,255	46,089	(166)
Corporate Management	29,355	29,727	372
Economic Development	2,327	2,119	(208)
Education & Lifelong Learning	234,606	234,480	(126)
Governance & Legal Services	4,415	4,411	(4)
Resources	15,852	15,600	(252)
Social Services	137,603	142,625	5,022
Capital Financing etc	35,845	35,845	0
Subtotal	556,163	560,798	4,635
General Contingency	4,000	0	(4,000)
Summary Revenue Account	9,756	8,296	(1,460)
Outcome Agreement Grant	0	(862)	(862)
Discretionary Rate Relief	300	291	(9)
Total as per Outturn Report	570,219	568,523	(1,696)

The final revenue outturn position indicates that the Council has maintained its spending within its overall net budget of £570.219 million in 2015/16 with an overall surplus of £1.696 million, after contributions to and from reserves.

In accordance with the 2015/16 budget report that was approved by Council in February 2015, £595,000 was utilised from the Council Fund Balance to fund the overall Council budget. Similarly, the 2016/17 budget report, approved by Council in February 2016, determined that a further £1m of the Council Fund Balance will be used to fund the 2016/17 Council budget.

The final revenue outturn position was a surplus of £1.696 million, after contributions to and from reserves. This represents a significant improvement to the budget monitoring positions reported throughout the year.

During the year the Council's monitoring process identified financial pressures in a number of directorates, notably Social Services, Corporate Management, Economic Development and City Operations. 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 2015/16 budget. As a result, the outturn position contained an overspend of £4.635 million relating to directorate budgets. Apart from Social Services and Governance & Legal Services, all directorates reported an improved position compared to the projections at month 9. The overspend on directorate budgets was offset by a £4 million contingency sum, together with savings in other areas including Council Tax collection, NDR refunds on Council properties, and additional income in relation to the 2015/16 Outcome Agreement Grant.

The Council Fund Balance brought forward at 1 April 2015 was £13.154 million. The balance at 31 March 2016 has increased by £2.101 million to £15.255 million. The £2.101 million increase comprises the £1.696 million surplus outlined above, plus the £1 million amount set aside to fund the 2016/17 budget, less the £595,000 used in-year to fund the 2015/16 budget.

Narrative Report

Revenue Outturn:

	Budget	Outturn	Variance
	£000	£000	£000
<i>Financing:</i>			
Revenue Support Grant (RSG)	(322,851)	(322,851)	0
Non-domestic Rates (NDR)	(101,253)	(101,253)	0
Council Tax attributable to the Council	(142,633)	(144,062)	(1,429)
Other central grants	(2,482)	(3,344)	(862)
Use of Earmarked Reserves & Council Fund Balance	(1,000)	(1,000)	0
Total Funding	(570,219)	(572,510)	(2,291)
<i>Net Expenditure</i>			
Net budgeted expenditure	570,219		(570,219)
Net deficit on services on Comprehensive Income & Expenditure Statement		304,349	304,349
Adjust deficit figure for:			
Items shown separately as financing (above)		572,510	572,510
Adjustments between accounting and funding bases under regulations for the Council Fund Balance and HRA (as per Movement in Reserves Statement)		(324,980)	(324,980)
Transfers (to)/from Earmarked Reserves (as per note 2)		18,935	18,935
Remove surplus on HRA		0	0
Total Expenditure	570,219	570,814	595
Net (surplus)/deficit for year transferred to Council Fund Balance			(1,696)

Housing Revenue Account (HRA)

The net surplus for the year, prior to transfers to earmarked reserves, was £716,000. This included income from rents and charges for services totalling £67.636 million and repairs, maintenance, supervision and management costs totalling £40.602 million. Increased volume and demand for repairs to Council dwellings were offset by savings in a number of other areas including employees and insurance costs, contributing to the overall surplus. This surplus has been transferred to earmarked reserves for use in future years in tackling overcrowding and reinvesting in the housing stock. The HRA balance as at 31 March 2016 is £8.438 million.

During 2015/16, the Council made a one off payment of £187.392 million to exit the Housing Revenue Account Subsidy System (HRAS), which is recognised as capital expenditure and shown as an exceptional item in the Comprehensive Income & Expenditure Statement, within these accounts. The HRAS was a funding mechanism introduced many years ago by National Government whereby, in Cardiff's case, circa £15 million of net rental income received from dwellings rents had to be passed back to HM Treasury, via Welsh Government. Under the new self-financing regime, the Council can now retain and reinvest all income. However, it is required to make annual payments for additional interest and to set monies aside towards the repayment of loans taken out in order to make the one off payment.

Narrative Report

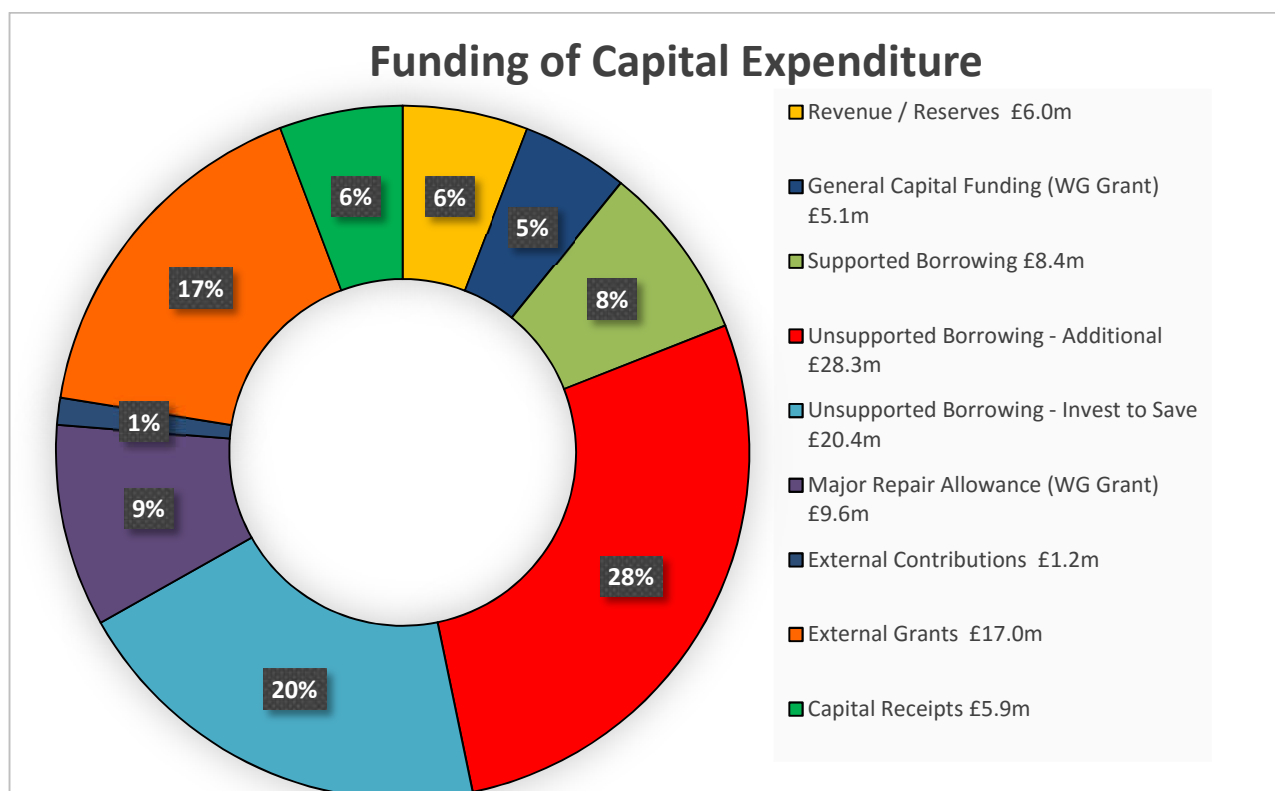
Capital Expenditure

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. Expenditure totalled £289.3 million. This was £101.9 million after excluding the one off Housing Revenue Account settlement payment of £187.4 million to Welsh Government in order to exit the Housing Finance Subsidy System.

The main items of capital expenditure are described in the following table.

Schemes	Detail	£m
Housing Revenue Account Subsidy System Exit Payment	One off settlement payment to Welsh Government / HM Treasury in order to be able to retain all income receivable from Council dwellings rather than paying over circa £15 million p.a. Local Authorities in England exited the system in 2012. 'Buy out' was paid for by borrowing, with annual costs of servicing borrowing paid from future rental income.	187.4
Housing & Neighbourhood Regeneration	Public housing investment in the fabric of dwellings, estate and area regeneration, as well as energy efficiency schemes. Preparatory work across sites in the city as part of the Housing Partnership Programme to build new dwellings. Disabled adaptations grants, allowing people to live independently in their homes, and other environmental improvements including a comprehensive regeneration scheme for Clare Road/Penarth Road District Shopping Centre.	28.3
Education & Lifelong Learning	Includes completion of a new primary school at Pontprennau, purchase of land for new welsh medium primary school in Butetown and a contribution towards the Penarth Learning campus. Continued investment in a number of schools as part of the School Organisation Plan including replacement of high schools in the east and west of the City, as well as investment in condition of properties.	22.8
Highways & Transportation	Road and footpath resurfacing, road safety improvements, Street lighting energy efficiency, public transport and telematics. Windsor Road bridge replacement, cycling strategy implementation, investment in safe routes in communities, as well as other pedestrian and junction improvements.	11.5
Leisure facilities and Citizen Hubs	Refurbishment of Eastern Leisure Centre, investment in Insole Court and development of hubs in areas of need including the new STAR hub and pool.	11.9
Economic Development	A voucher scheme to implement superfast broadband and providing the developer of the Tramshed in Grangetown with a loan as part of vibrant and viable places initiative. Public realm and temporary works to allow closure of the bus station were incurred as well as purchase of NCP car park site to allow regeneration of Central Square.	12.3
Energy and Waste Management	Reducing the size of residual waste bins and a range of energy efficiency and energy generation measures such as Radyr Weir Hydro facility.	7.5
Capitalisation Direction – Service Reform	Permission received from Welsh Government to treat revenue costs as capital expenditure to be paid for from sale of property assets.	2.4
Other	Creation of Welsh language Centre, Investment in Parks, ICT, and expenditure to enable the efficient use of space in Council buildings.	5.2

The Council pays for its capital expenditure from a number of sources including borrowing money. Borrowing and any associated interest costs must ultimately be repaid from the existing and future income of the Council. Excluding the one off settlement payment, the following chart shows how the capital monies spent during the year were paid for:-



The impact of the low level of support from Welsh Government for capital resources has been that the Council has to find a greater share of its requirement to meet essential investment via unsupported borrowing. Unsupported borrowing was used to pay for £48.7 million of expenditure during 2015/16. The need to undertake borrowing also applies to future capital expenditure plans as set out in the Budget report of February 2016.

This is as a result of:

- implementing new schemes, completing existing projects and demand for funding to maintain assets.
- undertaking invest to save schemes on the assumption that the borrowing will be repaid from future revenue savings or revenue income.
- use of Council borrowing powers by Welsh Government as part of their contribution towards 21st Century Schools Programme.
- The new Housing Partnership Project which aims to build new Council houses for social housing rental. During 2015/16, a partnership agreement with Wates Living Space was entered into with sites to be developed over a 10 year period.

The Council also plans significant investment in new school buildings, regeneration of Central Square and creation of a new transport interchange. These schemes rely on the disposal of land to help meet the costs. The Council's successful bid along with its partners for the City Deal investment is also likely to require significant investment to be paid for by borrowing. Accordingly borrowing represents an ongoing risk in terms of increasing the Council's requirement for any such expenditure to be paid back from future revenue resources.

The Council must continue to review whether capital expenditure plans remain prudent and affordable by consideration of :-

- affordability indicators showing projection of the cost of borrowing and impact on the revenue budget
- the advice of the Section 151 Officer on affordability and risk to future income

Narrative Report

- potentially setting limits for invest to save schemes particularly for any discretionary expenditure
- ability to accelerate a reduction in the Council's asset base within a limited timeframe to help pay for expenditure.

Capital Receipts

The sale of property assets and other income treated as capital receipts generated usable capital receipts of £11.4 million. [Note 20](#) includes the main property disposals during the year. Receipts include the first £2 million tranche from the sale of the former central bus station site, land adjacent to County Hall £2.4 million, £1.3 million received for the disposal of the Council's joint venture investment in the Medicentre and £1.7 million from the sale of Council dwellings. Capital receipts not used to pay for capital expenditure or to repay debt, are carried forward in the useable capital receipts reserve to meet future capital expenditure. The useable capital receipts reserve increased by £4.1 million in the year.

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

The previous sections on capital expenditure and receipts highlights some of the movements and [Note 20](#) of these accounts provides significant information for accounting purposes.

In terms of revaluations, operational properties excluding schools, Council dwellings and assets deemed surplus were re-valued during 2015/16 as part of a rolling programme of revaluation.

During the year, the Council reviewed its approach to the valuation of Council Dwellings which included recognising a separate land valuation, as well as a more accurate approach to determining valuations of types of stock held across the City. This has resulted in a net reduction in the Council dwellings valuation compared with the previous valuation and any historic expenditure since that date. The vacant possession value of Council Dwellings was deemed to be £1.3 billion as at 01/04/2015. However, in accordance with valuation requirements, the valuation is required to be adjusted downwards to show the economic cost of providing social housing to tenants at less than market rents. The valuation in the accounts is shown at 40% of the vacant possession value, adjusted by movements in accordance with the Council policies in respect to accounting for such assets.

Valuations of all assets involve a number of assumptions, however, movements in asset valuations as well as any accounting charges resulting from them 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 as the value of expenditure previously incurred on them from a point in time. CIPFA considers that current value (gross replacement cost adjusted for current condition) is a more appropriate measurement base for Highways Network Assets, with implementation required for next year's accounts. Highway Network Assets include, Roads, footpaths, highway structures such as bridges, lighting, drainage and associated land.

Whilst the change is intended to support the operational management of such assets, there is expected to be a significant requirement for estimation and judgement, with associated impact on accounting. Excluding land, the change in valuation basis is likely to increase the value of the assets shown in the accounts by over £2.0 billion along with an increase in the depreciation charged annually in the accounts reflecting the use of these assets in service delivery. These changes will not have an impact on Council tax or rent as depreciation accounting charges are required to be reversed out of the accounts. Accordingly a cost benefit approach to inclusion in the accounts will be taken.

Treasury Management and Financial Instruments

Borrowing

The Council can borrow money to manage its daily cash flows and to pay for capital expenditure. The Council continues to use some of its temporary cash balances to pay for capital expenditure.

Narrative Report

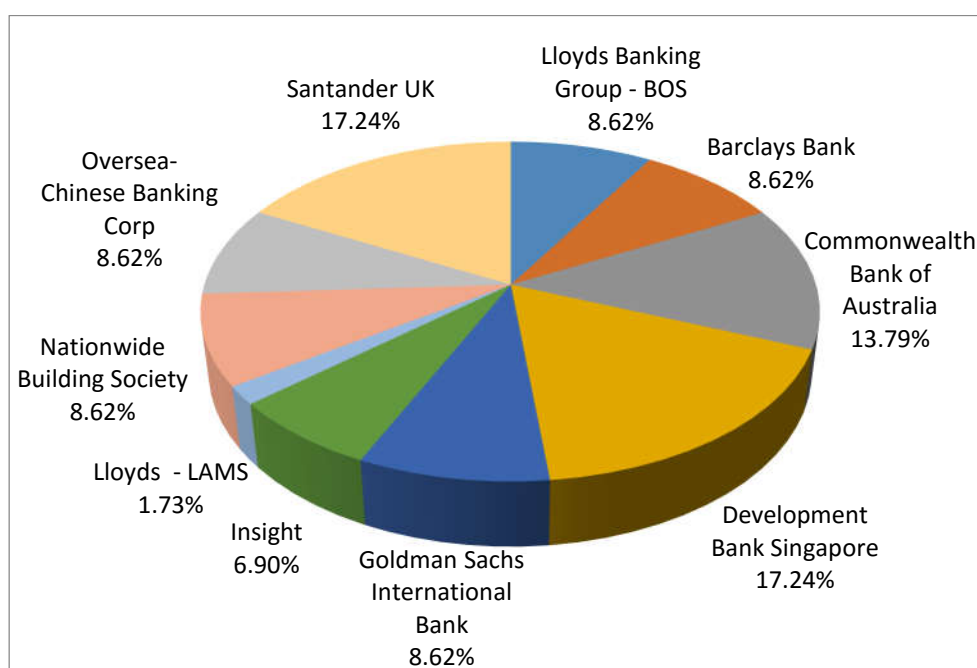
The Council has loans of £666.1 million of fixed interest loans at the end of the year, of which £612.8 million is owed to the Public Works Loan Board (PWLB) and £53.3 million is owed to other bodies, primarily financial institutions.

During the year external loans totalling £6.0 million were repaid and £201.6 million of new loans were raised, including £187.4 million to make the settlement payment to exit the Housing Revenue Account Subsidy System. The latter had to be borrowed from the PWLB at pre-determined rates set by HM Treasury. The impact of the above changes in borrowing resulted in the average rate on the Council's borrowing reducing during the year from 5.22% to 4.84% at 31 March 2016.

All loans are in the name of the Council and not separated for Housing Revenue Account or Council Fund purposes. Total interest payable on borrowing was £32.2 million during 2015/16, of which £13.0 million was deemed payable by the Housing Revenue Account.

Investments

Investments for treasury management purposes of £58.0 million at 31 March 2016 are represented primarily by temporary cash balances, which are deposited for various maturities with financial institutions, shown in the chart below.



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 had assumed that loan principal and interest of £6.534 million owed at 21 December 2015 by Glamorgan County Cricket Club for the redevelopment of the stadium was 100% impaired. In March 2015, the Council approved a request from the club to write off 70% of sums due and restructure remaining sums in line with other major creditors. This restructuring and write off was completed on 21 December 2015. The Council continues to adopt a prudent approach to the repayment of principal due and given the risks of recovery of sums due that still remain the balance due of 30% (£1.960 million) remains 100% impaired, but is shown as a contingent asset in these accounts. Repayments of the principal are proposed to begin in 2019.

Whilst the Council's 100% shareholding in Cardiff Bus is not quoted on a recognised stock exchange, for accounting purposes, the Council is required to make an estimate of its fair value. This is done using inputs including Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) as well as a

Narrative Report

multiplier of enterprise value. The value in the Balance Sheet at 31 March 2015 was shown as £13.563 million, a reduction from £15.781 million a year earlier. However, during this financial year, it was noticed that the calculation during 2014/15 was incorrectly calculated using operating profit for the year rather than EBITDA for the year. This would have resulted in a valuation at 31 March 2015 of £18.295 million and so the accounts are restated for this item.

Reserves

Movements on earmarked reserves 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 £56.990 million, increasing to £81.707 million at 31 March 2016. The year end outturn position provided the opportunity to increase the level of reserves for use in connection with future commitments, in turn this has improved the Council's financial resilience position.

Summary Reserves Movements:

	£000	£000
Usable Reserves at 1 April 2015		56,990
Movements to/(from) earmarked reserves:		
Council Fund Earmarked Reserves	17,813	
Council Fund Balance	2,101	
Housing Revenue Account Balance	0	
Housing Revenue Account Earmarked Reserves	716	
Usable Capital Receipts	4,087	
		24,717
Total Usable Reserves at 31 March 2016		81,707

Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but in relation to which the exact amount and date of settlement may be uncertain. During 2015/16, total provisions decreased by £1.599 million to £38.811 million, which includes a number of movements. These include a net decrease in the insurance provision of £892,000 and a decrease in the Lamby Way Landfill provision of £419,000. In addition, a provision of £522,000 has been created in relation to potential maintenance costs in connection with the Council's occupancy of the Friary Centre. Details of the movement of individual provisions are shown in [note 27](#) to the Core Statements.

Cardiff and Vale of Glamorgan Pension Fund

The Council administers the Fund on behalf of the two Local Authorities and other contributing bodies. In 2015/16 pension benefits payable by the Fund totalled £83.9 million and the contributions receivable from employers and employees totalled £83.9 million. Net losses on investments totalled £27.0 million and the Fund's assets decreased by £27.0 million (1.6%), from £1.68 billion to £1.65 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 pension liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable pay. The next valuation is due to take place during 2016 which could impact on the Council's contribution rate.

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

Narrative Report

Pensions Assets and Liabilities

Further details are given in [note 19](#) to the Core Financial Statements.

The Council's Actuary has estimated that the Council's future liability in respect of pension benefits payable, compared to assets held, is £545.680 million at 31 March 2016.

Corporate Governance

The Council maintains a Corporate Risk Register (CRR) which highlights the strategic risks facing the Council. 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. Further details of the Governance Framework and CRR are in the Annual Governance Statement on pages 150 to 175.

Acknowledgements

Finally, I wish to thank staff within Financial Services, and their colleagues throughout the Council, who have worked on the preparation of these statements. 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
29 September 2016

1.2 Guide to the Financial Statements

Movement in Reserves Statement (page 35)

Shows the changes to the Council's reserves over the course of the year. 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. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes 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'. 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 36)

Records all of the Council's income and expenditure in the year of providing services. This is shown 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 38)

This is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year end date. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. 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 40)

The Cash Flow Statement shows the reason for 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 arising from operating activities, new investment or financing activities such as repayment of borrowing and other long term liabilities.

Housing Revenue Account (HRA) Income & Expenditure Account (page 99)

A separate account that must be maintained to record income and expenditure arising from the provision of Council Housing. The Council charges rent and other service charges to cover expenditure in accordance with regulations.

Pension Fund Accounts (page 104)

Shows the contributions received, payments to pensioners and the value of net assets of the Cardiff and Vale of Glamorgan Pension Fund, which the Council administers. The Fund also publishes a separate, more detailed report.

Group Accounts (page 127)

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 148)

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 2015/16 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

Councillor Monica Walsh
Lord Mayor

Date: 29 September 2016

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 Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 (the Code).

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

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Corporate Director Resources has also:

- kept proper accounting records which were up to date; and
- 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 2016 and its income and expenditure for the year ended 31 March 2016.

Christine Salter
Corporate Director Resources

Date: 29 September 2016

2.2 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 2016 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's 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 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 2015-16 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 16, 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; the County Council of the City and County of Cardiff Group 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 Narrative Report 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 County Council of the City and County of Cardiff

In my opinion the accounting statements and related notes:

Audit 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 2016 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 2015-16.

Opinion on the accounting statements of 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 2016 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 2015-16.

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 2016 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 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report 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 does not reflect compliance with guidance.

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
24 Cathedral Road
CARDIFF
CF11 9LJ
30 September 2016

3.1 Accounting Policies, Critical Judgements and Assumptions

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (SERCOP), supported by International Financial Reporting Standards (IFRS).

Accounting policies used when formulating the accounts

1. Accounting policies issued but not yet adopted

The main change introduced by the Code, which will be required from 1 April 2016, relates to the adoption of the CIPFA Code of Practice on Transport Infrastructure Assets. This will require the Council to separately disclose its Highways Network Asset and measure it at Depreciated Replacement Cost (DRC), as opposed to Depreciated Historic Cost (DHC).

A prospective application will be required and, therefore, there is no impact upon the 2015/16 Statement of Accounts and no requirement to restate 2015/16 balances. The change will have a significant and material impact upon the valuation of Highway Network Assets included in the Statement of Accounts. Had this policy been adopted for the 2015/16 Statement of Accounts, it would have increased the value of the assets shown in the accounts (excluding land) by over £2 billion along with an increase in the depreciation charge. However these changes will have no impact on Council tax or rent as depreciation charges are required to be reversed out of the accounts. Accordingly, a pragmatic approach will be taken when considering inclusion in the accounts.

In addition, there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not 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 Council.
- 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 Council.
- 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 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.
- 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. Cash and Cash Equivalents

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 include Call Accounts and Money Market Funds that are repayable without penalty on notice of not more than 24 hours. In the

Accounting Policies, Critical Judgements and Assumptions

Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4. 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.

5. 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 20.

6. Disposals and Capital Receipts

When assets are disposed of or decommissioned, proceeds from disposals are credited and the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement in order to calculate a gain or loss on disposal.

Council Fund receipts from disposals greater than £10,000 are treated as capital receipts. Capital receipts are appropriated to the Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement and can only be used to pay for capital expenditure or to reduce the Council's underlying need to borrow (the Capital Financing Requirement (CFR)). Where sums are due but not yet received they are treated as deferred capital receipts.

The written-off value of disposals is not a charge against council tax or rent, as amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

7. 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 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 upon 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 strain upon 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.

Accounting Policies, Critical Judgements and Assumptions

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 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.
- 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 2015/16 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.

Accounting Policies, Critical Judgements and Assumptions

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.

8. Events After the Balance Sheet Date

These are 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.

9. 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 and Expenditure Statement as a separate line, if that degree of prominence is necessary to give a fair presentation of the accounts.

10. 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.
- 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

Where a fair value, price that would be received to sell an asset, is estimated and disclosed, either in the accounts or notes to them, inputs to the valuation techniques used to determine fair value are attributed to either of the following in the fair value hierarchy :-

Level 1 – quoted prices in active markets for identical assets that the authority can access at the measurement date

Level 2 – inputs other than quoted prices that are observable for the asset

Level 3 – unobservable inputs for the asset

Loans and Receivables: Initially measured at fair value and carried at their amortised cost. 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.

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.

Investments at Fair Value: available-for-sale assets are initially measured and carried 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 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, along with any accumulated gains/losses previously recognised.

Where the asset has fixed or determinable payments (e.g. interest), income is credited to the Comprehensive Income and Expenditure Statement for interest receivable 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 (e.g. dividends), income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Investments at Fair Value through Profit and loss: These are initially measured 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.

11. 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.

Where a fair value, price paid to transfer a liability, is estimated and disclosed, either in the accounts or notes to them, inputs to the valuation techniques used to determine fair value are attributed to either of the following in the fair value hierarchy :-

Level 1 – quoted prices in active markets for identical liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices that are observable for the liability

Level 3 – unobservable inputs for the 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.
- 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.

12. 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.

13. Grants - Revenue

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

- the Council has complied 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 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 in an Earmarked Reserve.

14. 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 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.

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.

15. Intangible Non-Current 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 line over the economic life of the investment to reflect the pattern of consumption of benefits

Accounting Policies, Critical Judgements and Assumptions

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.

16. 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.

17. 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.

18. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured at fair value, based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The valuations are undertaken by officers of the Council's Strategic Estates department, who fall within the competence demands set out by the Royal Institution of Chartered Surveyors and who are valuers registered in accordance with the RICS Valuer Registration Scheme.

Fair Value is deemed to be the market value assessed for each asset reflecting highest and best use, echoing market conditions at the balance sheet date. The valuation method is term & reversion, with passing rents capitalised at appropriate yields and estimated reversionary rental values based on prevailing rents for similar properties. Local comparable rental evidence and market yields have been utilised for comparison purposes.

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 relevant service 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.

19. 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.

20. 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

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.

Accounting Policies, Critical Judgements and Assumptions

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 line 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 transferred 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 transferred out of the Council Fund 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.

Accounting Policies, Critical Judgements and Assumptions

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current 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).

21. 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.

22. 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 2015/16* (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 the Net Cost of Services.

23. 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.

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

These assets are those 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.

Accounting Policies, Critical Judgements and Assumptions

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 of £1,000 with regards to the capitalisation of expenditure in connection with Council dwellings.

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 recognises Voluntary Aided, Voluntary Controlled and Foundation Schools on the Authority's Balance Sheet if it owns the land and can accordingly direct the use of the assets.

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 Highway Network Assets such as roads, structures and associated land are included in the Balance Sheet, as the 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 will 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 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 40% (previously 41%) to adjust beacon values to existing use value.
- Surplus Assets are valued at Fair Value, based on highest and best use. The main types of assets held within 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 Housing Partnership Programme Scheme, as well as former operational buildings awaiting disposal or alternative use.

All other assets are measured at Current Value. Where there is an active market for assets, Existing Use Value is used as the basis for determining current value. Where there is no market-based evidence, because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For schools land and buildings, a detailed approach to DRC, known as Modern Equivalent Asset (MEA), is used, due to the much specialised nature of these assets. Non-property

Accounting Policies, Critical Judgements and Assumptions

assets, such as plant and equipment, have short useful lives or low values (or both), and, therefore, depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at fair or current 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 or current 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.

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.

Revaluations of the Council's property assets are 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 is made to the useful life.

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 line.

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.

Charges to Revenue for Non-Current Assets:

Service lines 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 or rent 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.

Accounting Policies, Critical Judgements and Assumptions

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). 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:

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 the 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.

25. Provisions

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 line 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 line.

26. 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.

27. Reserves

The Council sets aside amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from 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 maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority.

28. Value Added Tax

Value Added Tax payable is included as an expense only to the extent that is not recoverable from HMRC. VAT receivable is excluded from income.

Accounting Policies, Critical Judgements and Assumptions

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 structures and the assets used to deliver services. Consequently, 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 Council 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.
- 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.
- It is assumed that the accounts for the year reflect all financial obligations under all contracts required to be met by the Council during the year and that the Council is compliant with all such obligations placed upon it.
- 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, omitted, incorrectly shown or not disclosed, it has the potential to influence or change the decisions or judgement taken by the majority of reasonable persons relying on the financial report 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 Assumptions

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 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 40% to adjust vacant possession 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 can be significantly variable, however has no impact on the level of Council Tax as 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 life are subject to a high level of estimation of future liabilities; this is detailed further in the provisions note.	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.
Provisions in relation to arrears	At 31 March 2016, 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	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.

Accounting Policies, Critical Judgements and Assumptions

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	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.	
Debtors and Creditors	The level of debtors and creditors at the Balance Sheet date 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 £000	Council Fund Earmarked Reserves £000	HRA Balance £000	HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014 carried forward (Restated)	11,413	30,559	8,124	684	1,399	52,179	888,580	940,759
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	(51,290)	(51,290)
Total Comprehensive Income and Expenditure	(11,619)	0	4,696	0	0	(6,923)	(51,290)	(58,213)
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/(from) Earmarked Reserves	5,006	0	(132)	0	(63)	4,811	(63,024)	(58,213)
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	(63,024)	(58,213)
Balance at 31 March 2015 carried forward (Restated)	13,154	33,824	8,438	238	1,336	56,990	825,556	882,546
Movement in Reserves during 2015/16								
Surplus or (deficit) on the provision of Services	(19,108)	0	(282,297)	0	0	(301,405)	0	(301,405)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	71,309	71,309
Total Comprehensive Income and Expenditure	(19,108)	0	(282,297)	0	0	(301,405)	71,309	(230,096)
Adjustments between accounting basis & funding basis under regulations (note 1)	39,022	0	283,013	0	4,087	326,122	(326,122)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	19,914	0	716	0	4,087	24,717	(254,813)	(230,096)
Transfers to/(from) Earmarked Reserves (note 2)	(17,813)	17,813	(716)	716	0	0	0	0
Increase/(Decrease) in 2015/16	2,101	17,813	0	716	4,087	24,717	(254,813)	(230,096)
Balance at 31 March 2016 carried forward	15,255	51,637	8,438	954	5,423	81,707	570,743	652,450

Comprehensive Income and Expenditure Statement

2014/15 Restated				Note	2015/16		
Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000
51,249	(17,958)	33,291	Central Services to the Public		47,725	(14,023)	33,702
58,205	(27,886)	30,319	Cultural & Related Services		59,698	(28,652)	31,046
58,066	(23,779)	34,287	Environmental & Regulatory Services		65,354	(35,041)	30,313
20,081	(19,905)	176	Planning Services		27,265	(23,349)	3,916
404,850	(98,971)	305,879	Children's & Education Services		404,374	(108,231)	296,143
64,252	(19,387)	44,865	Highways & Transport Services		64,534	(32,325)	32,209
69,971	(65,231)	4,740	Housing Revenue Account		161,634	(67,636)	93,998
181,640	(175,755)	5,885	Housing Services (Council Fund)		182,799	(177,143)	5,656
127,857	(25,777)	102,080	Adult Social Care		125,100	(22,556)	102,544
9,982	(2,004)	7,978	Corporate & Democratic Core		11,899	(396)	11,503
3,405	323	3,728	Non-Distributed Costs	3	3,656	3,798	7,454
0	0	0	Exceptional Item	3	187,392	0	187,392
1,049,558	(476,330)	573,228	Net Cost of Services	4	1,341,430	(505,554)	835,876
26,411	0	26,411	Police and Crime Commissioner for South Wales	6	27,880	0	27,880
256	0	256	Community Council Precepts	6	290	0	290
16,984	0	16,984	Levies & Contributions	6	16,798	0	16,798
1,586	(5,774)	(4,188)	(Gain)/loss on sale of non-current assets		10,618	(11,814)	(1,196)
45,237	(5,774)	39,463	Other Operating Expenditure		55,586	(11,814)	43,772
24,616	0	24,616	Interest Payable on debt	21	32,152	0	32,152
19,416	0	19,416	Interest on net defined benefit liability/(asset)	19	16,618	0	16,618
0	(1,091)	(1,091)	Interest & Investment Income		0	(1,272)	(1,272)
6,161	(12,391)	(6,230)	Change in fair value of Investment Properties		488	0	488
0	0	0	Other Investment Income		1,092	(1,282)	(190)
50,193	(13,482)	36,711	Financing and Investment Income & Expenditure		50,350	(2,554)	47,796

Comprehensive Income and Expenditure Statement

2014/15 Restated				Note	2015/16		
Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000
0	(28,165)	(28,165)	Recognised Capital Grants & Contributions		0	(25,304)	(25,304)
0	(326,291)	(326,291)	Revenue Support Grant	32	0	(322,851)	(322,851)
0	(109,695)	(109,695)	Non-Domestic Rates	9	0	(101,253)	(101,253)
779	(165,499)	(164,720)	Council Tax Income	8	1,834	(175,121)	(173,287)
0	(13,608)	(13,608)	Other Central Grants	32	0	(3,344)	(3,344)
779	(643,258)	(642,479)	Taxation & Non-Specific Grant Income		1,834	(627,873)	(626,039)
		6,923	(Surplus)/Deficit on Provision of Services				301,405
		(937)	Revaluation Gains	31			(134,348)
		2,844	Revaluation Losses	31			73,310
		412	Impairment losses on non-current assets charged to the Revaluation Reserve	20			591
		(2,521)	(Surplus)/Deficit on revaluation of available for sale financial assets	31			1,484
		51,492	Actuarial (gains)/losses on pension assets/liabilities	19			(12,346)
		51,290	Other Comprehensive Income & Expenditure				(71,309)
		58,213	Total Comprehensive Income & Expenditure				230,096

Balance Sheet

31 March 2015 Restated £000		Note	31 March 2016 £000
	Property Plant & Equipment:	20	
569,012	Council Dwellings		529,464
765,665	Other Land and Buildings		744,171
14,989	Vehicles, Plant, Furniture & Equipment		15,446
308,666	Infrastructure		298,598
19,206	Community Assets		19,620
11,757	Assets under construction (AUC)		31,048
37,024	Surplus assets not held for sale		36,299
	Heritage Assets		
50,884	Heritage Assets	20	51,278
	Investment Property		
100,787	Investment Properties	20	110,471
	Intangible Assets		
4,346	Intangible assets including AUC	20	3,179
20,731	Long-term Investments		18,214
4,107	Long-term Debtors		6,081
1,907,174	Total Long Term Assets		1,863,869
42,122	Short-term Investments		54,215
3,040	Assets held for Sale	22	2,819
2,109	Inventories		2,139
91,045	Short-term Debtors	23	86,498
23,137	Cash and Cash Equivalents	24	17,352
161,453	Total Current Assets		163,023
(12,964)	Short-term Borrowing	21	(16,148)
(94,801)	Short-term Creditors	25	(85,297)
(2,830)	Pension Strain	28	(2,354)
(9,011)	Provisions	27	(10,486)
(1,024)	Deferred Liabilities	29	(986)
(120,630)	Total Current Liabilities		(115,271)
(464,808)	Long-term Borrowing	21	(659,408)
(31,399)	Provisions	27	(28,325)
(7,217)	Deferred Liabilities	29	(6,617)
(10,095)	Capital Contributions Receipts in Advance	32	(9,933)
(3,734)	Revenue Grants Receipts in Advance	32	(2,526)
(2,160)	Capital Grants Receipts in Advance	32	(1,791)

Balance Sheet

31 March 2015 Restated £000		Note	31 March 2016 £000
(6,252)	Pensions Strain	28	(4,891)
(539,786)	Net Pensions Liability	19	(545,680)
(1,065,451)	Total Long-Term Liabilities		(1,259,171)
882,546	NET ASSETS		652,450
	Financed by:		
13,154	Council Fund Balance		15,255
33,824	Council Fund Earmarked Reserves		51,637
8,438	Housing Revenue Account Balance		8,438
238	Housing Revenue Account Earmarked Reserves		954
1,336	Capital Receipts Reserve		5,423
56,990	Usable Reserves	30	81,707
201,371	Revaluation Reserve		254,122
1,164,708	Capital Adjustment Account		856,975
87	Deferred Capital Receipts		2,049
18,295	Available for Sale Financial Instruments Reserve		16,811
(2,367)	Financial Instruments Adjustment Account		0
(548,868)	Pensions Reserve		(552,925)
(7,670)	Accumulated Absences Adjustment Account		(6,289)
825,556	Unusable Reserves	31	570,743
882,546	TOTAL RESERVES		652,450

Cash Flow Statement

2014/15 £000		Note	2015/16 £000
6,923	Net (Surplus) /Deficit on the provision of services		301,405
(89,240)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	34	(185,603)
19,305	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	34	(177,892)
(63,012)	Net cash flows from operating activities		(62,090)
(1,112)	Interest Received		(1,196)
24,728	Interest Paid		30,034
(86,628)	Net cash flow from other operating activities		(90,928)
67,618	Investing activities		276,948
70,700	Purchase of property, plant and equipment, investment property and intangible assets		89,521
29,047	Purchase of short-term and long-term Investments		31,146
9,922	Other payments for investing activities		200,875
(5,774)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,814)
(33,754)	Capital Grants		(31,744)
(2,523)	Capital Contributions		(1,504)
0	Proceeds from short-term and long-term investments		(1,282)
0	Other receipts from investing activities		(250)
14,018	Financing activities		(209,073)
(5,700)	Cash receipts from short-term and long-term borrowing		(201,611)
0	Other receipts from financing activities		(13,454)
0	Cash payments for the reduction of outstanding liabilities relating to finance leases		0
7,820	Repayments of short-term and long-term borrowing		5,992
11,898	Other payments for financing activities		0
(18,624)	Net (increase)/ decrease in cash and cash equivalents		5,785
41,761	Cash and cash equivalents at the beginning of the reporting period		23,137
23,137	Cash and cash equivalents at the end of the reporting period represented by:		17,352
182	Cash		233
11,051	Bank (including cheque book schools)		13,108
11,904	Short-term deposits with banks and building societies		4,011

Notes to the Core Financial Statements

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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.

2015/16	Usable Reserves			Movement in Unusable Reserves
	Council 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 and impairment of Non-Current Assets	44,012	12,134	0	(56,146)
Revaluation losses of Non-Current Assets	21,688	108,260	0	(129,948)
Reverse previous impairment on revaluation	(6,843)	(345)	0	7,188
Amortisation of Intangible Assets	1,104	120	0	(1,224)
Movements in the market value of Investment Properties	488	0	0	(488)
Movement in the value of Held for Sale Assets	904	0	0	(904)
Capital grants and contributions applied	(15,122)	(10,181)	0	25,303
Revenue expenditure funded from capital under statute	4,879	187,392	0	(192,271)
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	5,938	522	0	(6,460)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(23,664)	(7,912)	0	31,576
Statutory repayment of debt (Finance Lease liabilities)	0	0	0	0
Capital expenditure charged against the Council Fund and HRA balances	(1,136)	(4,818)	0	5,954
Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(5,857)	5,857
Credit for disposal costs that qualify to be met from the resulting capital receipts	0	32	(32)	0
Capital receipts set aside for the repayment of debt	48	0	(1,433)	1,385
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	(3,741)	(2,380)	11,371	(5,250)
Adjustments involving the Financial Instruments Adjustment Account				
Amortisation of Premiums and Discounts	(2,400)	33	0	2,367
Adjustments involving the Pensions Reserve:				
Net retirement benefits as per IAS19	57,077	2,814	0	(59,891)
Employer's contributions to the Pension Scheme	(39,020)	(2,630)	0	41,650
Pension strain future years	(1,781)	(56)	0	1,837
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on	(1,409)	28	0	1,381

Notes to the Core Financial Statements

2015/16	Usable Reserves			Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.				
Adjustments involving the Deferred Capital Receipts Reserve				
Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	38	(38)
Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	(2,000)	0	0	2,000
Total Adjustments	39,022	283,013	4,087	(326,122)

Comparative Movements in 2014/15

2014/15	Usable Reserves			Movement in Unusable Reserves
	Council 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 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)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
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 Council 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				

Notes to the Core Financial Statements

2014/15	Usable Reserves			Movement in Unusable Reserves £000
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
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				
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)

2. Earmarked Reserves

This note sets out the amount set aside from the Council Fund and HRA balances in earmarked reserves to fund future expenditure plans and the amounts used from earmarked reserves to meet Council Fund and HRA expenditure in 2015/16.

	Balance 31 March 2015 £000	Contributions		Balance 31 March 2016 £000
		From Revenue £000	To Revenue £000	
SCHOOLS BALANCES				
Schools Reserves	(613)	4,011	(1,671)	1,727
Cathays HS – Maintenance of Playing Field	3	0	0	3
Primary/Special Schools Repairs	95	509	(582)	22
	(515)	4,520	(2,253)	1,752
SCHOOLS RESERVES				
Schools Formula Funding	1,687	1,001	(760)	1,928
Out of School Childcare	111	25	(17)	119
Schools Catering	544	160	0	704
Schools Organisational Plan*	4,006	10,157	(6,040)	8,123
Special Educational Needs Unit	102	0	0	102
	6,450	11,343	(6,817)	10,976
OTHER EARMARKED RESERVES				
Apprenticeship	482	0	(55)	427

Notes to the Core Financial Statements

	Balance 31 March 2015 £000	Contributions		Balance 31 March 2016 £000
		From Revenue £000	To Revenue £000	
Bereavement Services	21	227	(205)	43
Building Control Fee Earning	381	213	0	594
Bute Park Match Funding	228	0	(25)	203
Cardiff Academy Training	95	50	0	145
Cardiff Dogs Home Legacy	33	85	0	118
Cardiff Enterprise Zone	2,929	624	(38)	3,515
Cardiff Insurance	4,245	1,542	(3)	5,784
Central Market Minor Works	1	41	0	42
Central Transport Service	166	402	0	568
City Deal	150	18	(55)	113
City Wide Management and Initiatives	45	479	(45)	479
Community Based Transitional	474	0	0	474
Community Safety	30	51	0	81
Connect to Cardiff Refurbishment	120	0	(110)	10
Corporate Events and Cultural Services	0	680	0	680
Discretionary Rate Relief	100	0	0	100
Emergency Management, Safeguarding and Prevent	125	148	(61)	212
Employee Changes	81	1,632	(81)	1,632
Energy Conservation	208	500	(190)	518
Energy/Carbon Reduction	789	0	(339)	450
Equal Pay	282	0	0	282
Flatholm	24	0	0	24
Fraud Detection	193	0	0	193
Harbour Authority	697	10	(63)	644
Highways Local Government Borrowing Initiative	1,047	1,047	(1,047)	1,047
HMO Licensing	63	0	0	63
Homelessness*	1,188	364	0	1,552
House Mortgage	29	0	0	29
Housing Options Centre *	694	501	(136)	1,059
Housing Support*	1,382	348	(326)	1,404
ICT Holding Account	206	582	(4)	784
Inspectorate Support	336	0	(28)	308
Integrated Partnership Strategy	31	0	0	31
Invest to Save	350	0	0	350
Joint Equipment Store	126	69	0	195
Kitchen Improvement	332	125	0	457
Legal Services	260	200	0	460
Local Lend a Hand Mortgage Scheme	132	45	0	177
Local Plan	170	0	(72)	98
Major Projects	1,705	0	(484)	1,221
Members Development	45	50	(14)	81
Municipal Election	293	351	(45)	599

Notes to the Core Financial Statements

	Balance 31 March 2015 £000	Contributions		Balance 31 March 2016 £000
		From Revenue £000	To Revenue £000	
Non-Domestic Rates Due Diligence	60	0	0	60
Organisational Development Programme	1,232	106	(61)	1,277
Parking & Enforcement	69	4,957	(4,656)	370
Projects, Design & Development - Impact on Design	75	62	0	137
Public Service Board Initiative	46	0	0	46
Property Asset Management	22	107	0	129
Registration Service Improvement	46	0	0	46
Resources	992	664	(75)	1,581
Scrutiny Development & Training	72	10	0	82
Social Care Technology	761	0	0	761
Waste Management/Prosiect Gwyrdd	2,020	1,704	(1,154)	2,570
Welfare Reform	1,608	1,799	0	3,407
Workshops Asset Maintenance	12	0	0	12
Youth and Community Education	259	190	0	449
	27,562	19,983	(9,372)	38,173
CARDIFF'S SHARE OF RESERVES OF JOINT COMMITTEES				
Central South Consortium	170	0	(28)	142
Glamorgan Archives	98	0	(1)	97
Prosiect Gwyrdd	37	24	0	61
Regional Adoption Service	0	50	0	50
Shared Regulatory Service	0	386	0	386
Welsh Purchasing Consortium	22	0	(22)	0
	327	460	(51)	736
Total Council Fund Reserves	33,824	36,306	(18,493)	51,637
HOUSING REVENUE ACCOUNT (HRA) RESERVES				
Repairs & Building Maintenance Services	0	516	0	516
IT Reserve	238	0	0	238
Tackling Overcrowding	0	200	0	200
Total HRA Reserves	238	716	0	954
TOTAL EARMARKED RESERVES	34,062	37,022	(18,493)	52,591

* Reserves that had previously been temporarily utilised to fund voluntary severance costs have now been fully repaid.

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

The **Schools' Balances** figure of £1.727 million debit consists 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 2016 Schools' own balances, including the balances of nursery schools amounted to a surplus of £2.521 million for **individual schools** (£1.287 million in 2014/15 surplus). However, a deficit balance of £794,000 (£1.9 million in 2014/15) exists, which is the amount of severance and exit costs paid out in 2014/15 remaining to be paid back by schools over the next two financial years. In addition, the Council has established reserves to allow for contingencies affecting schools. Details of individual school balances will be available from 30 September 2016 on the Council's Schools Budget Forum website.

Notes to the Core Financial Statements

Schools Formula Funding Reserve - to deal with costs arising from schools that are unable to be met from the funding formula budget.

Schools Organisational Plan Reserve - to fund the capital charges and other costs associated with schools reorganisation resulting from investment in the Schools Organisation Plan and 21st Century Schools.

Building Control Fee Earning Reserve – represents historic surpluses relating to the ringfenced building control account which will be used to smooth the effects of any future deficits.

Cardiff Enterprise Zone Reserve - 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.

Cardiff Insurance Reserve - to protect the Council from potential future liabilities based on current insurance policies.

Central Transport Service Reserve - to fund initiatives and costs in connection with the Council's vehicle fleet management.

Corporate Events & Cultural Services Reserve – to fund costs associated with events within Cardiff and any cultural initiatives.

Employee Changes Reserve - to meet the costs associated with Voluntary Severance and other employee costs.

Energy Conservation Reserve - to fund initiatives in connection with energy conservation.

Harbour Authority Project & Contingency Fund - to fund initiatives and one-off costs in connection with the Cardiff Harbour Authority.

Highways Local Government Borrowing Initiative Reserve - to fund future years' revenue borrowing costs arising from the Welsh Government Local Government Borrowing Initiative for Highways.

Homelessness Reserve - 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.

Housing Options Centre Reserve - to fund the capital financing loan charges incurred in building the new Housing Options Centre.

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

ICT Holding Account Reserve – to fund initiatives and costs in connection with the Council's use of technology.

Major Projects Reserve - to support the costs of major projects.

Municipal Election Reserve – to fund costs associated with future Council elections.

Organisational Development Programme Reserve - 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.

Notes to the Core Financial Statements

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

Waste Management/Prosiect Gwyrdd Reserve - to mitigate the financial impact associated with the volatility of waste tonnages.

Welfare Reform Reserve - to fund costs arising in connection with potential future welfare reform and the Council Tax Reduction Scheme.

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

Repairs & Building Maintenance Reserve (HRA) - to fund costs arising in connection with repairs to Council dwellings.

Parking & Enforcement Reserve

This 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 and environmental maintenance and improvements.

2014/15 £000		2015/16 £000
	Income	
(3,917)	On-street pay car parking fees	(4,271)
(2,077)	Penalty charge notices	(2,085)
(254)	Residents parking permits	(309)
(667)	Off-Street car parking fees	(805)
(848)	Moving Traffic Offences	(2,840)
(54)	Other income	(2)
(7,817)	Total Income	(10,312)
	Expenditure	
1,341	Operational costs and Traffic Regulation Orders	1,484
2,602	Enforcement service	3,871
3,943	Total Expenditure	5,355
(3,874)	Civil Parking Enforcement Net (Surplus)/Deficit	(4,957)
	Appropriations to Parking Reserve:	
121	Balance 1 April 2015	69
3,874	Contributions from CPE	4,957
(3,926)	Contributions to revenue*	(4,656)
69	Balance 31 March 2016	370

* Eligible expenditure totalling £4.656 million was drawn down from the reserve leaving a balance of £370,000 at the 31 March 2016. The budgeted drawdown of £4.656 million was used to support a range of Council services including on-going support and improvements to transport, parking, highways and environmental services.

3. Non-Distributed Costs and Exceptional Items

Non-Distributed Costs (NDC) amount includes expenditure of £3.419 million in relation to IAS 19 past service costs, £4.084 million in relation to accommodation and income of £49,000 income in relation to Carbon Reduction.

The Exceptional Item in 2015/16 amounts to £187.392 million and relates to the Council's settlement payment to Welsh Government to facilitate the exit of the HRA Subsidy System. Whilst this means that the Council will no longer have to pay over part of its rental income to Welsh Government in the form of a subsidy payment, the Council will have to pay additional costs for the borrowing undertaken to fund this payment. This includes additional costs for interest and also setting aside from any income additional amounts for reducing the amount borrowed and outstanding. Any financial benefit from this transaction on an ongoing basis is proposed to be re-invested into the housing stock.

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 2015/16. 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 52 to 53 are based on the reported Outturn for Council Fund services which was reported to the Cabinet Meeting of the Council in June 2016. The Outturn for the Housing Revenue Account (HRA) is reported separately at the same meeting. 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 unusable reserves. 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 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 and 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.

Notes to the Core Financial Statements

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.

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.

2014/15 £000		2015/16 £000
583,547	Net expenditure in Service Area Analysis (including Harbour)	568,523
(314)	Services not included in Service Area Analysis (HRA)	0
(16,893)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	388,983
6,888	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(121,630)
0	Amounts in respect of presentation of internal recharges	0
573,228	Net Cost of Services in Comprehensive Income & Expenditure Statement	835,876

The income and expenditure of the Council's principal Directorates recorded in the budget reports for 2015/16 is as follows:

	Social Services £000	Education* £000	City Operations £000	Economic Development £000	Communities, Housing & Customer Services £000	Resources £000	Other Service Areas (including Harbour) £000	Total £000
Fees, charges and other service income	(6,011)	(23,094)	(46,757)	(30,442)	(7,403)	(6,239)	(5,488)	(125,434)
Government grants	(13,530)	(53,781)	(28,058)	(930)	(178,878)	(14,905)	(11,001)	(301,083)
Total Income	(19,541)	(76,875)	(74,815)	(31,372)	(186,281)	(21,144)	(16,489)	(426,517)
Employee expenses	32,738	229,958	50,223	12,116	23,347	30,639	8,957	387,978
Other service expenses	127,347	77,957	66,801	20,915	209,044	20,164	83,222	605,450
Support service recharges	1,521	3,439	7,693	459	(20)	(14,059)	2,579	1,612
Total Expenditure	161,606	311,354	124,717	33,490	232,371	36,744	94,758	995,040
Net Expenditure	142,065	234,479	49,902	2,118	46,090	15,600	78,269	568,523

*Staff employed at Voluntary Aided/Foundation schools are not employees of the Authority. However, within the figures above they have been included as if they were.

Notes to the Core Financial Statements

Comparative data for 2014/15 is as follows:

	Social Services £000	Education* £000	City Operations £000	Economic Development £000	Communities, Housing & Customer Services £000	Resources £000	Other Service Areas (including Harbour) £000	Total £000
Fees, charges and other service income	(6,359)	(28,590)	(45,493)	(28,773)	(15,810)	(7,477)	(4,978)	(137,480)
Government grants	(12,947)	(50,225)	(13,443)	(917)	(180,359)	(15,752)	(11,123)	(284,766)
Total Income	(19,306)	(78,815)	(58,936)	(29,690)	(196,169)	(23,229)	(16,101)	(422,246)
Employee expenses	36,902	233,386	58,372	12,516	29,351	33,247	9,447	413,221
Other service expenses	123,010	70,650	59,133	20,301	213,272	22,891	82,175	591,432
Support service recharges	1,977	5,537	7,947	495	578	(14,265)	(1,129)	1,140
Total Expenditure	161,889	309,573	125,452	33,312	243,201	41,873	90,493	1,005,793
Net Expenditure	142,583	230,758	66,516	3,623	47,031	18,644	74,393	583,547

*Staff employed at Voluntary Aided/Foundation schools are not employees of the Authority. However, within the figures above they have been included as if they were.

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.

2015/16	Directorate analysis (including Harbour)	HRA	Not included in Net Cost of Services	Allocation of recharges	Not reported to management for decision making	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(106,399)	(67,139)	(4,587)	166,029	(187,091)	(199,187)	0	(199,187)
Interest & investment income	(999)	(72)	1,067	0	4	0	(1,462)	(1,462)
Income from Council Tax	0	0	0	0	0	0	(173,288)	(173,288)
Government grants & contributions	(301,083)	(643)	29,095	0	(33,736)	(306,367)	(452,751)	(759,118)
Capital Financing reversals (Net)	(18,036)	(32)	18,068	0	0	0	0	0
Gain/loss on disposal of non-current assets	0	0	1,479	0	(1,479)	0	(1,196)	(1,196)
Total Income	(426,517)	(67,886)	45,122	166,029	(222,302)	(505,554)	(628,697)	(1,134,251)
Employee expenses	387,977	17,247	0	(12,129)	17,949	411,044	0	411,044
Other service expenses	505,832	17,750	(728)	(84,819)	110,836	548,871	0	548,871
Support service recharges	1,612	6,458	(19,032)	(61,893)	72,855	0	0	0
Depreciation, amortisation, impairment & REFCUS	0	0	0	(7,188)	388,703	381,515	0	381,515
Interest payments	19,137	13,015	(32,152)	0	0	0	32,152	32,152
Interest on net defined benefit liability/asset	0	0	(16,610)	0	16,610	0	16,618	16,618
Precepts & levies	16,798	0	(16,798)	0	0	0	44,968	44,968
Change in fair value of investment properties	0	0	(488)	0	488	0	488	488
Capital financing	63,684	13,416	(77,479)	0	379	0	0	0
Total expenditure	995,040	67,886	(163,287)	(166,029)	607,820	1,341,430	94,226	1,435,656
(Surplus)/deficit on provision of services	568,523	0	(118,165)	0	385,518	835,876	(534,471)	301,405

Notes to the Core Financial Statements

2014/15	Directorate analysis (including Harbour)	HRA	Not included in Net Cost of Services	Allocation of recharges	Not reported to management for decision making	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£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	498,663	37,910	(1,870)	(96,608)	122,359	560,454	0	560,454
Support service recharges	1,140	5,789	(2,111)	(56,611)	51,793	0	0	0
Depreciation, amortisation, impairment & REFCUS	0	0	0	(950)	65,816	64,866	0	64,866
Interest payments	19,818	4,806	(4,806)	0	(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	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

5. Harbour Authority & Associated Activities

Income, expenditure and assets relating to functions transferred to the Council following the winding up of Cardiff Bay Development Corporation (CBDC) on 31 March 2000 are included within the Council's overall accounts. However a separate set of accounts are required to be prepared in accordance with the Harbours Act 1964 and can be seen from page 187. It should be noted that the Harbour Authority accounts have been prepared on a Companies Act 2006 basis and not in accordance with the Code.

6. Precepts and Levies

	2014/15 £000	2015/16 £000
Precepts		
Police and Crime Commissioner for South Wales	26,411	27,880
Community Councils:		
Lisvane	34	34
Pentyrch	80	85
Radyr	79	108
St Fagans	18	18
Old St Mellons	26	26
Tongwynlais	19	19
	26,667	28,170
Levies & Contributions		
South Wales Fire & Rescue Service	16,650	16,507
Natural Resources Wales	171	141
Cardiff Port Health Authority	158	144
Newport Health Authority	5	6
	16,984	16,798

7. Participation in Joint Committees

During 2015/16 the Council was lead Authority (*) for three Joint Committees and a member authority of three others. The table below shows the revenue contributions made to these Committees:

Committee	Purpose	2014/15 £000	2015/16 £000
Glamorgan Archives*	Management and administration of the Glamorgan Records Office (GRO)	218	218
Prosiect Gwyrdd*	To manage residual waste treatment facility	26	49
Welsh Purchasing Consortium*	Deliver joint, collaborative contracts and frameworks for procurement of goods and services	12	0
Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	1,550	1,571
Regional Adoption Service	To develop and improve adoption services and share best practice	0	393
Shared Regulatory Service	To provide a shared regulatory service to Bridgend, Cardiff and the Vale of Glamorgan	0	5,100
Total		1,806	7,331

The Council has included its share of the transactions and balances of each Joint Committee in its 2015/16 accounting statements on a line-by-line basis.

Notes to the Core Financial Statements

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 and Crime Commissioner 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 2015/16 was 139,500 (138,759 for 2014/15).

The amounts for a band D property in Cardiff during 2015/16 were as follows:

Band D Council Tax:	2014/15 £	2015/16 £
Cardiff Council	974	1,022
Police and Crime Commissioner for South Wales	190	200
TOTAL	1,164	1,222

The above amount (£1,222) 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:

	2014/15 £000	2015/16 £000
Council Tax collectable	(165,499)	(175,121)
Provision for non-payment of Council Tax	779	1,834
Net proceeds from Council Tax	(164,720)	(173,287)

The net proceeds from Council Tax figure of £173.287 million includes precepts of £28.170 million and a transfer to the bad debt provision of £1.055 million. This remaining balance of £144.062 million is the Council Tax attributable to the Council, as part of the Council's Outturn for 2015/16.

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

31 March 2015 £000		31 March 2016 £000
(5,596)	Council Tax Bad Debt Provision	(4,915)

9. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate (48.2p in 2015/16 and 47.3p in 2014/15) 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 of £193.334 million for 2015/16 (£178.576 million for 2014/15) was based on a total rateable value of £476.309 million for 2015/16 (£467.399 million for the year 2014/15).

Notes to the Core Financial Statements

Analysis of the net proceeds from non-domestic rates:

	2014/15 £000	2015/16 £000
Non-Domestic Rates collectable	178,576	193,334
Cost of collection allowance	(879)	(886)
Provision for non payment of NDR	(4,305)	(3,774)
Payment into national pool	173,392	188,674
Redistribution from national pool	(109,695)	(101,253)

10. Agency Income & Expenditure

The Council acts as an agent on behalf of the following in the provision of goods and services:-

Welsh Government

- Non Domestic Rates collection. A net debtor of £8.773 million at 31 March 2016 (£22.227 million at 31 March 2015) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government exceeds the amount collected from ratepayers.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2016 the Welsh Government had provided £3.236 million of funding of which £2.040 million is outstanding as loans provided. The balance available for new loans was £1.196 million (£68,000 at 31 March 2015).
- Home Improvement loans - provide loans for home improvements. At 31 March 2016 the Welsh Government had provided £1.062 million of funding. No loans have been issued by the Council to date. This was a new allocation in 2015/16.

South Wales Trunk Road Agency

The total reimbursement received by the Council was £445,000 in 2015/16 (£538,000 in 2014/15).

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 2015/16 was 1:8. The median full time equivalent earnings for 2015/16 was £20,849.

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 and Returning Officer fees 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.

Notes to the Core Financial Statements

Remuneration band £	Number of Employees	
	2014/15	2015/16
60,000-64,999	90	46
65,000-69,999	28	44
70,000-74,999	8	14
75,000-79,999	15	4
80,000-84,999	6	10
85,000-89,999	6	3
90,000-94,999	8	3
95,000-99,999	0	3
100,000-104,999	2	0
105,000-109,999	2	2
110,000-114,999	1	1
115,000-119,999	10	1
120,000-124,999	1	8
125,000-129,999	0	1
130,000-134,999	0	0
135,000-139,999	1	0
140,000-144,999	1	0
145,000-149,999	0	1
150,000-154,999	1	0
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	1	0
170,000-174,999	0	2
175,000-179,999	1	0
180,000-184,999	0	0

11.3. Further disclosure is required in respect of the individual remuneration details of senior employees (Directors, Assistant Directors and Heads of Service) 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. These figures also contain 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. In the table this has been called Enhancement of Retirement Benefits but this is also known as the Pension Strain cost.

No bonuses have been paid during 2015/16 (2014/15 - £nil)

The following persons fell within this definition for 2015/16:

Notes to the Core Financial Statements

2015/16	£ 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)	Enhancement of Retirement Benefits		
Post title	£	£	£	£	£	£	£
Paul Orders, Chief Executive	170,000	0	0	0	0	38,930	208,930
Corporate Director Resources & Section 151 Officer (a)	130,000	0	0	0	0	29,770	159,770
Assistant Director Children's Services (Commenced 27/04/2015) (b)	129,800	0	0	0	0	0	129,800
Director Education & Lifelong Learning	120,000	55	0	0	0	27,480	147,535
Director Social Services, Director Children's Services (c)	120,000	47	0	0	0	27,480	147,527
Director Communities, Housing & Customer Services	120,000	0	0	0	0	27,480	147,480
Director Economic Development	120,000	0	0	0	0	27,480	147,480
Director City Operations, Director Strategic Planning, Highways, Traffic & Transport (d)	120,000	0	0	0	0	27,480	147,480
Director Governance & Legal Services, County Clerk & Monitoring Officer (e)	110,000	0	31,000	30,000	0	24,287	195,287
Assistant Director Education & Lifelong Learning	81,989	64	0	0	0	18,776	100,829
Assistant Director Housing & Communities	81,989	0	0	0	0	18,776	100,765
Assistant Director Customer Services & Communities	81,989	0	0	0	0	18,776	100,765
Assistant Director Environment	81,989	0	0	0	0	18,776	100,765
Chief HR Officer	81,989	0	0	0	0	18,417	100,406
County Solicitor (Leaving Date 12/09/2015) (f)	60,129	0	0	2,138	0	12,366	74,633
Interim Assistant Director Adult Services (Commenced 05/08/2015) (g)	53,523	0	0	0	0	12,257	65,780
Head of Service, Finance (Commenced 10/08/2015) (h)	52,426	0	0	0	0	12,087	64,513
Chief Officer Change & Improvement (Leaving Date 20/09/2015) (i)	38,922	0	0	0	0	8,913	47,835
Director Sport, Leisure & Culture (Leaving Date 24/07/2015) (j)	37,742	2	0	19,594	169,553	8,643	235,534
Director Environment (Leaving Date 24/07/2015) (k)	36,361	4	0	7,125	0	8,643	52,133
Director Health & Social Care (Leaving Date 24/07/2015) (l)	36,135	40	0	10,688	82,861	8,643	138,367
Head of Performance & Partnerships (Commenced 15/02/2016) (m)	10,317	0	0	0	0	2,363	12,680
Interim Monitoring Officer (Commenced 01/03/2016) (n)	6,800	0	0	0	0	1,557	8,357

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 £16,437 (£13,080 in 2014/15).
- b) During 2015/16 agency invoices of £129,800 (Nil in 2014/15) were received for service as Assistant Director Children Services, payments made were £119,900.
- c) Director Social Services from 16/06/2015. Annualised salary of £120,000. Director Children's Services until 15/06/2015. Annualised salary of £120,000.
- d) Director City Operations from 16/06/2015. Annualised salary of £120,000. Director Strategic Planning, Highways, Traffic & Transport until 15/06/2015. Annualised salary of £120,000.
- e) Director Governance & Legal Services from 16/06/2015 until 29/02/2016. Annualised salary of £120,000. Clerk & Monitoring Officer until 15/06/2015. Annualised salary of £120,000.
- f) County Solicitor left the Authority on 12/09/2015. Annualised salary of £120,000.
- g) Operational Manager Learning Disabilities was appointed Interim Assistant Director Adult Services commencing 05/08/2015. Annualised salary of £81,600.
- h) Head of Service, Finance commenced 10/08/2015. Annualised salary of £81,600.
- i) Chief Officer Change & Improvement left the Authority on 20/09/2015. Annualised salary of £81,600.
- j) Director Sport, Leisure & Culture left the Authority on 24/07/2015. Annualised salary of £120,000.
- k) Director Environment left the Authority on 24/07/2015. Annualised salary of £120,000.
- l) Director Health & Social Care left the Authority on 24/07/2015. Annualised salary of £120,000.
- m) Head of Performance & Partnerships commenced 15/02/2016. Annualised salary of £81,600.
- n) Operational Manager Legal Manager Litigation was appointed Interim Monitoring Officer commencing 01/03/2016. Annualised salary of £81,600.

Comparative Data 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
Assistant Director Environment	78,559	399	0	0	17,990	96,948

Notes to the Core Financial Statements

2014/15	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)		
Post title						
Assistant Director Housing & Communities	78,559	0	0	0	17,990	96,548
Assistant Director Customer Services & Communities	78,559	0	0	0	17,990	96,548
Chief Officer Change & Improvement	78,559	0	0	0	17,990	96,548
Chief HR Officer	78,252	0	0	0	17,920	96,172
Assistant Director Education & Lifelong Learning (Commenced 01.09.2014) (a)	45,405	0	0	0	10,398	55,803

- 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) Assistant Director Education & Lifelong Learning commenced 01/09/2014. Annualised Salary £77,838.

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 achieved their normal annualised salaries in 2014/15. Normal annualised salaries for the officers identified above would have been as follows:

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

11.4 Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies for 2014/15 and 2015/16 are set out in the following tables. The total costs of the exit packages identified 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 or Compulsory Redundancy, the second element is the pension strain cost. In comparing year-on-year figures, it should be noted that, following a review of the voluntary severance scheme, the multiplier used against the statutory scheme reduced from 3 to 1.5, as of 1 April 2015.

2015/16	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
Exit package cost band (including special payments)				
£0 - £20,000	27	100	127	857,681
£20,001 – £40,000	2	28	30	824,167
£40,001 – £60,000	2	8	9	445,424
£60,001 – £80,000	0	2	3	187,296
£80,001 – £100,000	1	1	2	190,626
£100,001 – £150,000	0	0	0	0

Notes to the Core Financial Statements

2015/16 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
£150,001 – £200,000	1	0	1	189,147
Total	33	139	172	2,694,341

2014/15 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
£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

11.5 Members Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2015/16 was £1,293,164 (£1,289,268 in 2014/15). 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 is a Section 33 partnership agreement between Cardiff and Vale of Glamorgan local Authorities and the Cardiff and Vale University Health Board 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 Adult Social Care line of the Comprehensive Income and Expenditure Statement. Income and expenditure for the pooled budget arrangements for the year ending 31 March 2016 is as follows:

2014/15 £000		2015/16 £000
	Expenditure	
1,639	Equipment	1,685
124	Contribution to Overheads	124
1,763	Total Expenditure	1,809
	Funding	
1,194	Cardiff and Vale University Health Board	1,214
418	Cardiff Council	405
277	Vale of Glamorgan Council	259
1,889	Total Funding	1,878
126	Surplus transferred to JES Partnership Reserve	69

Notes to the Core Financial Statements

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 2016 are shown in [note 32](#).

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2015/16 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 2015/16, goods and services totalling £7,054,814 were commissioned from companies in which members had an interest (£8,065,836 in 2014/15). Grants totalling £1,798,344 (£2,627,448 in 2014/15) were paid to voluntary organisations in which members had an interest.

Officer's emoluments are shown in [note 11](#) to the Core Financial Statements. In 2015/16, goods and services of £1,423 were commissioned from companies in which Chief Officers had an interest. (£nil in 2014/15).

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

Cardiff Medicentre was 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. The Council disposed of its interest in the Medicentre on 31 March 2016.

Pension Fund contributions paid to the Pension Fund are shown in [note 19](#) to the Core 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. This includes the precept for the Police and Crime Commissioner for South Wales. In addition to this, the Council made payments of £135,000 to Police and Crime Commissioner for South Wales during 2015/16 (£197,000 in 2014/15).

Related Party Balances

The following balances were held in respect of related parties:

31 March 2015			31 March 2016	
Debtors £000	Creditors £000		Debtors £000	Creditors £000
30,604	(5,675)	Central Government Grants	18,415	(5,484)
29	(117)	Cardiff City Transport Services Ltd	0	(87)
144	(55)	Medicentre/CBTC/Cardiff Business Council	1	0
3	0	Chief Officers and above – outstanding car loan balances	1	0
0	0	Precepting Bodies	0	0
185	(26)	Companies in which members' interests declared/other	204	(5)

Notes to the Core Financial Statements

14. External Audit Costs

	2014/15 £000	2015/16 £000
Fees payable to Wales Audit Office for external audit services	421	400
Fees payable to Wales Audit Office for the certification of grant claims and returns	118	84
Total	539	484

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 2015/16 Code and SERCOP. Net capital charges, which include depreciation and impairment, are shown separately.

	2014/15	2015/16			
	Restated	Income	Net Capital	Other	Trading
	Trading (Surplus) /Deficit £000	£000	Charges £000	Expenditure £000	(Surplus) /Deficit £000
Bereavement & Registration	220	(3,318)	1,661	3,201	1,544
Cardiff Castle	(357)	(3,414)	(83)	2,853	(644)
Commercial Catering	(38)	(1,500)	0	1,270	(230)
Land & Buildings & Workshops	(3,076)	(5,732)	2,087	1,953	(1,692)
Leisure Centres	7,279	(5,663)	3,769	9,953	8,059
New Theatre	1,019	(5,022)	577	5,513	1,068
Non Housing Building Maintenance	(282)	(12,852)	0	12,345	(507)
Non Schools Cleaning	163	(5,603)	0	5,467	(136)
Schools Catering	593	(9,864)	(77)	9,989	48
St. David's Hall	2,323	(6,481)	1,390	7,781	2,690
Other Trading Accounts*	5,803	(13,948)	1,267	18,067	5,386
Total	13,647	(73,397)	10,591	78,392	15,586

* Other trading accounts totalled 14 in 2015/16 (15 in 2014/15).

Community Maintenance Services is no longer treated as a trading account and the Education and Non-Schools Cleaning were merged in 2015/16.

16. Leasing

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 2015/16:

Notes to the Core Financial Statements

	2014/15 Restated £000	2015/16 £000
Property leases	1,886	1,553
Other leases	1,371	2,365

The Council was committed at 31 March 2016 to making payments of £3.700 million under operating leases in 2016/17 (£2.912 million at 31 March 2015 for 2015/16) comprising the following elements:

	2014/15		2015/16	
	Property Leases £000	Other Leases £000	Property Leases £000	Other Leases £000
Leases expiring within 1 year	8	433	0	131
Leases expiring between 2 and 5 years	583	797	518	1,979
Leases expiring after 5 years	1,091	0	905	167

Finance Leases

There were no finance leases at 31 March 2016 (none in 2014/15) and there are no future obligations under finance leases.

Authority as Lessor

Operating Leases

Operating leases exist in respect of land and buildings and the Council received revenue of £6.352 million in 2015/16 (£5.903 million in 2014/15)

The Council was committed as at 31 March 2016 to receiving income of £5.856 million (£5.377 million as at 31 March 2015) under operating leases for Land & Buildings comprising the following elements:

	2014/15 £000	2015/16 £000
Leases expiring within 1 year	863	221
Leases expiring between 2 and 5 years	641	1,171
Leases expiring after 5 years	3,873	4,464

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.

	2014/15 £000	2015/16 £000
Rental income from investment property	(5,166)	(5,511)
Direct operating expenses arising from investment property	1,911	1,861
Net (gain) / loss	(3,255)	(3,650)

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 repair, maintain or enhance certain properties.

18. Prudent Revenue Provision

The Council is required to set aside in the year from its Non housing and Housing Revenue Account budgets, a prudent amount for the repayment of borrowing historically undertaken to pay for capital expenditure. The amount is set having regard to Welsh Government Guidance and a policy agreed by Council as part its budget proposals each year. This amount reduces 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.

	2014/15 £000	2015/16 £000
Non Housing revenue provision	23,374	23,664
Housing Revenue Account provision	2,899	7,912
Prudent revenue provision	26,273	31,576

The increase in the provision for HRA is in relation to borrowing undertaken to meet the settlement payment to exit the housing subsidy system.

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 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:

- Teachers' Pension Scheme
- The Local Government Pension Scheme

The Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme unless they opt out, 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 2015/16 the Council paid £17.499 million in respect of teachers' pension costs, which represents 15.5% of teachers' pensionable pay (£15.917 million representing 14.1% of teachers' pensionable pay in 2014/15) 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.

The Local Government Pension Scheme

The Council's non-teaching employees are automatically enrolled unless they choose to opt out of joining the Cardiff and Vale of Glamorgan Pension Fund, for which the Council acts as Administering Authority. This is a defined benefit scheme based on career-average pensionable salary. Both the Authority and

Notes to the Core Financial Statements

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.

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:

	2014/15			2015/16		
	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	34,857	0	34,857	40,082		40,082
Past Service Costs	2,778	120	2,898	2,666	720	3,386
Financing & Investment Income & Expenditure						
Interest on net defined benefit liability/(asset)	17,876	1,540	19,416	15,438	1,180	16,618
Net charge to C I&E Statement	55,511	1,660	57,171	58,186	1,900	60,086
Movement in Reserves Statement						
Reversal of net charges made for retirement benefits in accordance with IAS19	(55,511)	(1,660)	(57,171)	(58,186)	(1,900)	(60,086)
Actual amount charged against Council Tax in respect of pensions for the year						
Employers contributions payable to the scheme	38,403	0	38,403	38,535	0	38,535
Payments in respect of	0	3,500	3,500		3,310	3,310

Notes to the Core Financial Statements

	2014/15			2015/16		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
unfunded pensions liabilities *						
	38,403	3,500	41,903	38,535	3,310	41,845

* 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 2017

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2017 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 2017 the Council expects to pay £3.31 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 2016.

The principal assumptions used by the independent qualified actuaries in updating the latest valuation for IAS19 purposes were:

(a) Principal financial assumptions

	31 March 2015 % pa	31 March 2016 % pa
Rate of inflation - RPI	2.9	2.9
Rate of inflation - CPI	1.8	1.8
Rate of general increase in salaries *	2.8	2.8
Rate of increase to pensions in payment**	1.8	1.8
Rate of increase to deferred pensions	1.8	1.8
Discount rate for scheme liabilities	3.2	3.4

*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 2015		31 March 2016	
	Men	Women	Men	Women
Future lifetime from age 65:-				
Currently age 65	23.8	26.7	23.8	26.8
Currently age 45	25.8	29.0	25.9	29.1

(c) Take-up option to convert annual pension into retirement lump sum

Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum pre 2008 service) is 75% of the permitted maximum.

Notes to the Core Financial Statements

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 2015		31 March 2016		
	Approx. split of assets %	Quoted	Unquoted	Total	
		%	%	%	%
Equities	77.4	70.1	5.0	75.1	
Property	5.9	7.3	0	7.3	
Government Bonds	6.8	8.1	0	8.1	
Corporate Bonds	7.9	7.2	0	7.2	
Cash	1.7	2.3	0	2.3	
Other *	0.3	0.0	0	0.0	
Total	100	95.0	5.0	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 2015			31 March 2016		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Notional value of assets	1,027,052	0	1,027,052	1,014,120	0	1,014,120
Present value of liabilities	(1,528,588)	(38,250)	(1,566,838)	(1,513,150)	(46,650)	(1,559,800)
Net pension asset/(liability)	(501,536)	(38,250)	(539,786)	(499,030)	(46,650)	(545,680)

Assets and Liabilities in relation to Retirement Benefits

Changes to the present value of liabilities during the accounting period:

	31 March 2015			31 March 2016		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Opening present value of liabilities	(1,344,170)	(38,450)	(1,382,620)	(1,528,588)	(38,250)	(1,566,838)
Current service cost	(34,858)	0	(34,858)	(40,082)	0	(40,082)
Interest cost	(56,995)	(1,540)	(58,535)	(48,345)	(1,180)	(49,525)
Contributions by participants	(9,882)	0	(9,882)	(9,802)	0	(9,802)

Notes to the Core Financial Statements

Remeasurements in Other Comprehensive Income (OCI)	(128,181)	(1,640)	(129,821)	69,957	(9,810)	60,147
Net benefits paid out *	48,276	3,500	51,776	46,376	3,310	49,686
Past service cost	(2,778)	(120)	(2,898)	(2,666)	(720)	(3,386)
Closing present value of liabilities	(1,528,588)	(38,250)	(1,566,838)	(1,513,150)	(46,650)	(1,559,800)

* Includes changes to the actuarial assumptions.

Changes to the fair value of assets during the accounting period:

	31 March 2015 Restated £000	31 March 2016 £000
Opening fair value of assets	909,593	1,027,052
Interest income on assets	39,119	32,908
Remeasurement gains/(losses) on assets	78,330	(47,801)
Contributions by employer	41,903	41,845
Contributions by participants	9,883	9,802
Net benefits paid out *	(51,776)	(49,686)
Closing fair value of assets	1,027,052	1,014,120

* 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.

Re-measurements in Other Comprehensive Income (OCI)

	31 March 2015		31 March 2016	
	Funded Scheme £000	Unfunded Liabilities £000	Funded Scheme £000	Unfunded Liabilities £000
Return on plan assets (in excess of) / below that recognised in net interest	(78,330)	0	47,801	0
Actuarial (gains)/losses due to change in financial assumptions	136,019	2,000	(56,824)	(1,000)
Actuarial (gains)/losses due to changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses due to liability experience	(7,838)	(360)	(13,133)	10,810
Actuarial (gains)/losses arising on inherited pension assets and liabilities	0	0	0	0
Total amount recognised in OCI	49,851	1,640	(22,156)	9,810

Actual return on assets

	31 March 2015 £000	31 March 2016 £000
Interest income on assets	39,119	32,908
Remeasurement gain/(loss) on assets	78,330	(47,801)
Actual return on assets	117,449	(14,893)

Notes to the Core Financial Statements

Analysis of amount recognised in the Comprehensive Income & Expenditure Statement

	31 March 2015			31 March 2016		
	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)	(49,852)	(1,640)	(51,492)	22,156	(9,810)	12,346

History of total gains and losses recognised in the Comprehensive Income & Expenditure Statement

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Total gain/(loss) –funded scheme	(132.77)	(47.19)	263.70	(49.85)	22.16
Total gain/(loss) –unfunded liabilities	(3.04)	(2.56)	2.76	(1.64)	(9.81)
Cumulative gain/(loss)	(516.25)	(566.00)	(299.54)	(351.03)	(338.68)

History of asset values, present value of liabilities and surplus/(deficit)

	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000	31 March 2016 £000
Fair value of assets	711,530	818,465	906,610	1,027,052	1,014,120
Present value of funded liabilities	(1,303,680)	(1,482,889)	(1,341,187)	(1,528,588)	(1,513,150)
Present value of unfunded liabilities	(41,850)	(42,890)	(38,450)	(38,250)	(46,650)
Surplus/(deficit)	(634,000)	(707,314)	(473,027)	(539,786)	(545,680)

History of experience gains and losses

	Year ending 31.3.12 £m	Year ending 31.3.13 £m	Year ending 31.3.14 £m	Year ending 31.3.15 £m	Year ending 31.3.16 £m
Experience gains/(losses) on funded assets	(37.93)	67.92	47.95	78.33	(47.80)
Experience gains/(losses) on funded liabilities	(8.24)	1.55	34.60	8.21	13.39
Experience gains/(losses) on unfunded liabilities	(0.94)	0.08	0.04	(0.36)	10.81

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	1,481,370	1,537,490
% change in present value of total obligation	-1.8%	1.9%
Projected service cost	37,450	39,870
Approximate % change in projected service cost	-3.1%	3.2%

Notes to the Core Financial Statements

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	1,516,560	1,501,860
% change in present value of total obligation	0.5%	-0.5%
Projected service cost	38,650	38,650
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a. £000	-0.1% p.a. £000
Present value of total obligation	1,530,030	1,488,610
% change in present value of total obligation	1.4%	-1.4%
Projected service cost	39,870	37,450
Approximate % change in projected service cost	3.2%	-3.1%

Post retirement mortality assumption

Adjustment to mortality age rating assumption	-1 year £000	+1 year £000
Present value of total obligation	1,547,550	1,470,660
% change in present value of total obligation	2.5%	-2.6%
Projected service cost	39,890	37,400
Approximate % change in projected service cost	3.2%	-3.2%

The Council does not have information on the maturity profile of the defined benefit obligation.

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 19 to 34.

2015/16	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 2015	604,426	805,389	41,388	575,174	19,206	37,024	11,757	2,094,364
Additions	16,866	18,251	4,739	11,284	389	2,103	25,540	79,172
Impairment (losses)/reversals to RR *	0	(591)	0	0	0	0	0	(591)
Impairment (losses) / reversals to SDPS **	(3,247)	(809)	0	0	0	(102)	(544)	(4,702)
Derecognition - disposals	(815)	(4,200)	(9,605)	0	0	(3,200)	0	(17,820)
Reclassified (to)/from Held for Sale	0	(1,842)	0	0	0	(410)	0	(2,252)
Other reclassifications	422	(2,317)	656	886	25	3,751	(5,705)	(2,282)
Revaluation increases /(decreases) to RR*	63,820	(14,001)	0	0	0	(415)	0	49,404
Revaluation increases /(decreases) to SDPS**	(143,710)	(25,998)	0	0	0	(2,452)	0	(172,160)
At 31 March 2016	537,762	773,882	37,178	587,344	19,620	36,299	31,048	2,023,133
Depreciation								
At 1 April 2015	35,414	39,724	26,399	266,508	0	0	0	368,045
Depreciation charge	8,298	16,905	4,862	22,238	0	0	0	52,303
Depreciation written out on impairment	0	(60)	0	0	0	0	0	(60)
Derecognition - disposals	0	(47)	(9,529)	0	0	0	0	(9,576)
Depreciation written out to SDPS **	0	(1,136)	0	0	0	0	0	(1,136)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(35,414)	(25,675)	0	0	0	0	0	(61,089)
At 31 March 2016	8,298	29,711	21,732	288,746	0	0	0	348,487
Net Book Value:								
At 31 March 2016	529,464	744,171	15,446	298,598	19,620	36,299	31,048	1,674,646
At 31 March 2015	569,012	765,665	14,989	308,666	19,206	37,024	11,757	1,726,319

* RR = Revaluation Reserve

** SDPS = Surplus or deficit on Provision of Services

Notes to the Core Financial Statements

Comparative Movements in 2014/15

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

* RR = Revaluation Reserve

** SDPS = Surplus or deficit on Provision of Services

Notes to the Core Financial Statements

Property, Plant & Equipment

The table below highlights some of the main assets included within Property, Plant & Equipment:

Allotment Gardens	Indoor Market
Caravan Park	Libraries/Hubs
Cardiff Bay Barrage	New Theatre
Cardiff Castle	Parks & Public Open Spaces
Cardiff International Swimming Pool	Play Centres
Cardiff International Sports Stadium	Roads, footpaths, structures and highway infrastructure
Cardiff International White Water Centre	Road Safety Centre & Cycle Track
Cardiff Story Museum	Schools buildings and land where owned
Cemeteries	Sports and Leisure Centres
Council Dwellings	St David's Hall
Crematorium	Storey Arms Outdoor Pursuits Centre
Day Centres	Surface Car Parks
Depots and Industrial Workshops	Traveller Sites
Eastern Park & Ride	Administrative and Civic Buildings
Family Centres	Vehicles, Plant, Furniture & Equipment
Horse Riding School	Youth and Community Halls

Heritage Assets

2014/15 £000		2015/16 £000
50,789	Balance at 1 April	50,884
95	Additions	348
0	Other Reclassifications	46
50,884	Balance at 31 March	51,278

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 tangible heritage assets which consists mainly of the following three main categories:-

- public art
- scheduled ancient monuments for which it is responsible
- paintings, artefacts and civic regalia

The notes below indicate the treatment of each of the above three categories in these accounts.

Public Art - There are over 100 pieces of public art owned by the Council across the City, including freestanding artworks and significant pieces integrated into the design of buildings. These assets are not identified or valued separately in the Council's Balance Sheet as 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 or part responsible for 17 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

Notes to the Core Financial Statements

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, 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 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.

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.

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
	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	

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
	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

Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

2014/15 £000		2015/16 £000
75,625	Balance at 1 April	100,787
726	Additions	8,713
(121)	Disposals	(617)
0	Reclassified (to)/ from Held for Sale	(301)
18,326	Other Reclassifications	2,377
(117)	Revaluation increases /(decreases) to RR*	(66)
6,348	Revaluation increases /(decreases) to SDPS**	(422)
100,787	Balance at 31 March	110,471

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

Notes to the Core Financial Statements

Intangible Assets

Movements in Intangible assets during 2015/16 are summarised as follows:

	Other Intangible Assets £000	Intangible AUC £000	Total £000
Cost or Valuation			
At 1 April 2015	4,523	3,112	7,635
Additions	98	377	475
Other reclassifications	1,790	(1,931)	(141)
Impairment (Losses) / reversals to SDPS	0	(277)	(277)
At 31 March 2016	6,411	1,281	7,692
Amortisation			
At 1 April 2015	3,289	0	3,289
Amortisation	1,224	0	1,224
At 31 March 2016	4,513	0	4,513
Net Book Value:			
At 31 March 2016	1,898	1,281	3,179
At 31 March 2015	1,234	3,112	4,346

Comparative Movements in 2014/15:

	Other Intangible 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

Notes to the Core Financial Statements

Capital Expenditure and Capital Financing

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.

2014/15 £000		CFR exc. landfill 2015/16 £000	Landfill CFR 2015/16 £000	Total CFR 2015/16 £000
513,068	Opening Capital Financing Requirement	496,301	25,689	521,990
	Capital Expenditure:			
72,991	Property, Plant and Equipment	78,705	0	78,705
95	Heritage Assets	348	0	348
0	Assets Held for Sale	0	0	0
726	Investment Properties	8,753	0	8,753
444	Intangible Assets	474	0	474
50	Loans	590	0	590
8,208	Expenditure on REFCUS	200,432	0	200,432
	Sources of Finance:			
(4,754)	Capital Receipts	(5,857)	0	(5,857)
(35,624)	Government grants and other contributions	(33,034)	0	(33,034)
(5,580)	Direct revenue contributions and reserves	(5,954)	0	(5,954)
(27,634)	Prudent revenue and capital provision for loan repayment	(31,924)	(1,156)	(33,080)
521,990	Closing Capital Financing Requirement	708,834	24,533	733,367
	Explanation of movements in year:			
(7,248)	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	(7,264)	0	(7,264)
16,170	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	219,797	(1,156)	218,641
8,922	Increase in Capital Financing Requirement	212,533	(1,156)	211,377

Increases in the Capital Financing Requirement will need to be repaid by making prudent provision for repayment of expenditure from future years HRA and Council Fund budgets.

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. It includes expenditure on items that do not result in the creation or enhancement of an asset for the Council or where specific approval has been received from Welsh Government to treat such expenditure as capital expenditure and meet from resources that can only be used to pay for capital expenditure. In 2015/16 it included the one off settlement payment of £187.4 million to exit the Housing Revenue Account Subsidy system, as well as a Capitalisation direction that allowed the Council to meet revenue costs of service reform from capital receipts.

	2014/15 £000	2015/16 £000
Expenditure:		
Housing Improvement Grants	5,219	6,645
Buildings not owned by Cardiff Council	886	2,293
Capitalisation Direction - Service Reform	0	2,435
Capitalisation Direction - Housing Revenue Account Subsidy System Settlement Payment	0	187,392
Grants awarded (not Housing Grants)	2,103	1,667
Charged to Income and Expenditure Statement	8,208	200,432
Funded by:		
Grants and Contributions	(7,460)	(8,161)
Borrowing, Receipts and Other Capital Resources	(748)	(192,271)
	(8,208)	(200,432)

Non-Current Asset Disposals

The main disposals during the year are identified below:-

- Sale of land Schooner Way adjacent to County Hall
- Sale Central Bus Station site
- Sale of Council Dwellings
- Sale of land at International Sports Village
- Sale of former Dome community centre, Pentwyn
- Sale of former Dorothy Lewis care home
- Sale of former vehicle maintenance depot – Clare Road
- Sale of 26 Hampton Court Road – Former Caretakers House
- Sale of former Johnston's Buildings - City Centre

Significant capital expenditure contractual commitments

At 31 March 2016 the figure for significant capital expenditure commitments scheduled for completion in 2016/17 and future years is £26.222 million (£32.767 million 2014/15) and includes the following:

	£000
Phase 1 Public Realm Ceiling – Central Square	8,620
STAR Community Hub	2,779
Adamsdown Primary School Refurbishment and Extension	2,179
Public Housing – Secure by Design Fire Doors	1,992
South Morgan and Edinburgh Court Refurbishment	1,873
Eastern Leisure Centre Refurbishment	1,847
Trowbridge Mawr Refurbishment Phase 2	1,763
Sandown Court Sheltered Housing Refurbishment	1,542
Ysgol Y Wern Extension	1,318
A469/A470 Bus Corridor	1,255
Llandaff North Hub Conversion of Library / Day Centre	1,054

Notes to the Core Financial Statements

21. Financial Instruments

Financial Instrument Balances

The following categories of Financial Instruments (Assets and Liabilities) are included in the Balance Sheet. 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 along with the method of determining fair value in accordance with accounting policies for Financial assets and Liabilities. Debtors and Creditors, with the exception of car loans, are shown separately in the respective notes rather than as financial instruments:-

	31 March 2015 Restated			31 March 2016		
	Long Term £000	Short Term £000	Total £000	Long Term £000	Short Term £000	Total £000
Investments/Financial Assets						
Loans & Receivables at amortised cost	2,803	65,738	68,541	2,250	71,953	74,203
Investments at Fair Value	19,730	0	19,730	17,214	0	17,214
Total	22,533	65,738	88,271	19,464	71,953	91,417
Borrowings/Financial Liabilities						
Financial Liabilities at Amortised Cost	(464,808)	(12,964)	(477,772)	(659,408)	(16,148)	(675,556)

Investments / Financial Assets

Loans and receivables include:

- **Cash and bank including temporary investments** of £72 million. £58 million is deposited for various maturities with financial institutions.
- **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.
- **Loans to Organisations** include a £1 million loan repayable to Cardiff Bus for investment in vehicles and depot facilities. Loan of £910,000 to various companies including £500,000 towards the redevelopment of the Tramshed in Grangetown.

	Valuation Method - Level	31 March 2015		31 March 2016	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Cash and Cash Equivalents	Cost	23,137	23,137	17,352	17,352
Deposits with banks and building societies	Level 2	42,088	42,108	53,093	53,138
Local Authority Mortgage Scheme	Level 2	1,042	1,109	1,042	1,076
Assisted Car Purchase Loans	Cost	900	900	726	726
Loan to Cardiff Bus	Cost	1,000	1,000	1,000	1,000
Loans to External Organisations / Subsidiary	Cost	374	374	990	990
Financial assets		68,541	68,628	74,203	74,282

Investments at Fair value include:

- The Council's 100% shareholding in Cardiff City Transport Services Limited. The Council's shareholding is not listed on any quoted market, however accounting rules require a fair value to be estimated. The estimate value in 2014/15 accounts has been restated to £18.295 million from £13.563 million. The valuation is estimated using inputs other than quoted prices (Level 2), with the inputs being Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), as well

Notes to the Core Financial Statements

as estimates of a Multiplier to determine an enterprise value. These variables can fluctuate dependent on the company's performance and economic climate and so any accounting valuation may vary significantly from year to year. Accordingly, any valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Available for Sale Financial Instruments Reserve'; hence there is no impact on Council Tax payable. The fair value of the investment at 31 March 2016 is estimated to be £16.8 million (£18.3 million 2014/15).

- The Council's Medicentre shareholding of 44.5%, included in the 2014/15 accounts is £1.1 million and was sold in 2015/16. This is shown in the accounts at cost. Various minority equity holdings in companies are included either at cost or at quoted prices where available.

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 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 2016 and the additional borrowing in 2015/16 to make the Housing Revenue Account Subsidy exit settlement payment.

	Valuation Method - Level	31 March 2015		31 March 2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		£000	£000	£000	£000
Public Works Loan Board Loans	Level 2	(423,181)	(599,216)	(620,098)	(839,641)
Lender Option Borrower Option Loans	Level 2	(51,636)	(61,610)	(51,634)	(63,468)
Market loans, Bonds and Temporary Balances	Level 2	(2,955)	(3,092)	(3,824)	(3,655)
Financial liabilities		(477,772)	(663,918)	(675,556)	(906,764)

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.

Fair value calculations use the following assumptions:

- For PWLB debt, the transfer or fair value shown in the table is based on new borrowing rates from the PWLB for equivalent loans at 31 March 2016. An exit price fair value of £984.718 million is also calculated using early repayment discount rates which are lower than equivalent loan rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.
- 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.
- 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			
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£000	£000	£000	£000	Restated £000	£000	£000	£000
Interest Expense	24,616	32,152	0	0	0	0	24,616	32,152
Impairment Losses	0	0	0	0	0	0	0	0
Interest Payable & Similar Charges	24,616	32,152	0	0	0	0	24,616	32,152
Interest / Dividend Income	0	0	(832)	(1,039)	0	0	(832)	(1,039)
Interest and Investment Income	0	0	(832)	(1,039)	0	0	(832)	(1,039)
(Surplus) / Loss on Disposal	0	0	0	0	0	(190)	0	(190)
(Surplus) / Loss on Revaluation	0	0	0	0	(2,521)	1,484	(2,521)	1,484
(Surplus) / Loss arising on revaluation or Disposal of financial assets	0	0	0	0	(2,521)	1,294	(2,521)	1,294
Net (gain) / loss for the year	24,616	32,152	(832)	(1,039)	(2,521)	1,294	21,263	32,407

Gains and losses include interest payable on borrowing, amounts receivable on investments including a dividend of £250,000 from Cardiff Bus, gain on disposal of investments and also movements from estimating changes in value of investments at fair value.

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.

Further details in relation to key risks are disclosed in the following sections where relevant.

Credit Risk

Risk that other parties may fail to pay amounts due to the Authority. It arises from lending of temporary cash balances as part of the Council's Treasury Management Activities, from exposure to the Authority's customers and from organisations to whom a loan has been provided.

The following table summarises the Council's main exposures to credit risk.

Notes to the Core Financial Statements

Credit Risk	Likelihood of Default	31 March 2015 £000	31 March 2016 £000																											
Deposits – banks, buildings societies	<p>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.</p> <p>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.</p>	65,079	70,334																											
Local Authority Mortgage Scheme (LAMS)	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.	900	726																											
Loans to External Bodies	Includes primarily loans to SME's £910,000 and loan to Cardiff Bus £1 million. Repayments on loans are dependent 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.	1,380	1,910																											
Customers	<p>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.</p> <p>The bad debt provision for 2015/16 was based on the adjusted age profile disclosed in the following table.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2014/15</th> <th style="text-align: center;">2015/16</th> </tr> <tr> <th></th> <th style="text-align: center;">£000</th> <th style="text-align: center;">£000</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td style="text-align: center;">10,708</td> <td style="text-align: center;">14,180</td> </tr> <tr> <td>1 – 2 years</td> <td style="text-align: center;">734</td> <td style="text-align: center;">593</td> </tr> <tr> <td>2 – 3 years</td> <td style="text-align: center;">553</td> <td style="text-align: center;">426</td> </tr> <tr> <td>3 – 4 years</td> <td style="text-align: center;">133</td> <td style="text-align: center;">448</td> </tr> <tr> <td>4 – 5 years</td> <td style="text-align: center;">153</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Over 5 years</td> <td style="text-align: center;">298</td> <td style="text-align: center;">372</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">12,579</td> <td style="text-align: center;">16,119</td> </tr> </tbody> </table> <p>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.</p>		2014/15	2015/16		£000	£000	Less than 1 year	10,708	14,180	1 – 2 years	734	593	2 – 3 years	553	426	3 – 4 years	133	448	4 – 5 years	153	100	Over 5 years	298	372	Total	12,579	16,119	12,599	16,119
	2014/15	2015/16																												
	£000	£000																												
Less than 1 year	10,708	14,180																												
1 – 2 years	734	593																												
2 – 3 years	553	426																												
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4 – 5 years	153	100																												
Over 5 years	298	372																												
Total	12,579	16,119																												
Total		80,958	90,089																											

Notes to the Core Financial Statements

Counterparty Exposure at 31 March 2016

Counterparty	Country	Fitch Long Term	Investment £000
Bank of Scotland plc	UK	A+	5,000
Barclays Bank	UK	A	5,000
Commonwealth Bank of Australia	Australia	AA-	8,000
Development Bank Singapore	Singapore	AA-	10,000
Goldman Sachs International Bank	UK	A	5,000
Insight - Money Market Fund	Domiciled in Ireland	AAA	4,000
Lloyds - LAMS	UK	A+	1,000
Nationwide Building Society	UK	A	5,000
Oversea-Chinese Banking Corp	Singapore	AA-	5,000
Santander UK plc	UK	A	10,000
Total			58,000

Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2016, the probability of any default is 0.022% or £12,760.

Liquidity and Refinancing Risk

This is the possibility that the Authority may not have funds available to meet its commitments to make payments or have to refinance a financial liability at disadvantageous interest rates or terms. 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. 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:

31 March 2015 £000	Loans Outstanding	31 March 2016 £000
418,077	Public Works Loans Board	612,826
51,000	Lender Option Borrower Option	51,000
1,468	Market Debt / Bonds	2,348
470,545	Total	666,174
5,737	Under 12 months	6,766
6,726	12 months and within 24 months	5,594
10,941	24 months and within 5 years	5,680
15,150	5 years and within 10 years	20,276
86,306	10 years and within 20 years	144,214
80,602	20 years and within 30 years	164,000
133,049	30 years and within 40 years	178,689
93,034	40 years and within 50 years	123,955
34,000	50 years and within 60 years	12,000
5,000	60 years and within 70 years	5,000
470,545	Total	666,174

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 £7.914 million and miscellaneous short term borrowing of £1.468 million.

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	01/09/2016	6 months	23/05/2067
6	21/05/2016	6 months	21/11/2041
6	21/05/2016	6 months	21/11/2041
6	21/05/2016	6 months	23/05/2067
5	05/01/2018	5 years	17/01/2078
22	21/11/2020	5 years	23/11/2065

In respect of trade and other payables, the Council aims to make payment within 10 days in respect of undisputed invoices.

Interest Rate Risk

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 rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year. 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.
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.	
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.	
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 2015/16 been on average 1% higher with all other variables held constant.

Interest Rate Risk Income and Expenditure Account	£000
Increase in interest payable on borrowings	(301)
Interest in interest receivable on investments	338
Impact on Income and Expenditure Statement	37

Notes to the Core Financial Statements

Increase in interest transferred to HRA	(58)
Increase in interest transferred to other balances and accounts	(65)
Net Income / (Expenditure)	(86)

Changes in Fair Value	£000
Decrease in Fair Value of Fixed Rate Investments	163
Decrease in Fair Value of Fixed Rate Borrowings	134,981

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. Whilst the Council's approved Treasury Management policy allows investments in financial instruments such as bank certificates of deposit and Government bonds, the Council invests primarily in those instruments where the sum returned on maturity is the same as the initial amount invested. For service investment purposes, the Council has equity holdings of £157,000 which are quoted on a recognised stock exchange at 31 March 2016.

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 £839,000 gain or loss being recognised in the Movement in Reserves Statement.

22. Held for Sale Assets

2014/15 £000		2015/16 £000
380	Balance at 1 April	3,040
(10)	De-recognition	(1,751)
3,504	Reclassified to/(from) Held for Sale	2,553
(330)	Revaluation increases /(decreases) to RR*	(119)
(504)	Revaluation increases /(decreases) to SDPS**	(904)
3,040	Balance at 31 March	2,819

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

23. Debtors

31 March 2015 Restated £000		31 March 2016 £000
53,746	Central Government Bodies	43,059
7,008	Other Local Authorities	13,242
4,883	NHS Bodies	4,691
38	Public Corporations & Trading Funds	34
25,370	Other Entities and Individuals	25,472
91,045	Total Debtors Net of Impairments	86,498

Notes to the Core Financial Statements

24. Cash and Cash Equivalents

31 March 2015 £000		31 March 2016 £000
182	Cash	233
11,051	Bank (including cheque book schools)	13,108
11,904	Short-term deposit with banks and building societies	4,011
23,137	Total Cash and Cash Equivalents	17,352

Included within the bank figure above are bank balances of chequebook schools totalling £859,000 (£1.644 million in 2014/15).

In addition to the above, at 31 March 2016 the Council held £883,000 (£1.114 million at 31 March 2015) 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 2015 £000		31 March 2016 £000
(11,252)	Central Government Bodies	(13,498)
(6,576)	Other Local Authorities	(11,518)
(860)	NHS Bodies	(1,424)
(12)	Public Corporations & Trading Funds	(9)
(76,101)	Other Entities and Individuals	(58,848)
(94,801)	Total Creditors	(85,297)

26. Interests in other companies and other organisations

The Council had interests in 3 subsidiary companies and one joint venture during 2015/16. The interest in Cardiff City Transport Services Ltd is consolidated into the Council's group accounts, on pages 127 to 147. 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 2015/16.

Cardiff City Transport Services Ltd. (Cardiff Bus)

Cardiff City Transport Services Limited is a private limited company with a share capital £4.618 million, 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 2015/16 as summarised below:

	Year to 31 March 2015 Restated £000	Year to 31 March 2016 £000
Turnover and other income	(34,016)	(30,991)
Operating and other expenditure	31,358	30,627
Net (Profit) / Loss before Taxation	(2,658)	(364)
Less: Taxation	594	0
(Profit) / Loss after Taxation	(2,064)	(364)

Notes to the Core Financial Statements

A summary of the company's financial position is as follows:

	31 March 2015 Restated £000	31 March 2016 £000
Bus and other operating assets	19,940	21,882
Current Assets	6,717	6,071
Less Current Liabilities	(4,991)	(4,782)
Creditors: Amounts falling due after more than one year	(4,292)	(6,252)
Provisions & Long term liabilities	(1,576)	(1,308)
Deferred Taxation	(1,232)	(863)
Pension Liability	(3,753)	(2,233)
Total Assets less liabilities	10,813	12,515
Represented by:		
Share Capital	4,618	4,618
Profit and Loss account	6,718	6,860
IAS19 Pension Reserve	(3,753)	(2,233)
Revaluation Reserve	3,230	3,270
Net Worth	10,813	12,515

In 2015/16 the Council made payments totalling £9.308 million to Cardiff Bus (£10.004 million in 2014/15), of which £8.655 million related to concessionary fares payments (£9.140 million in 2014/15). The Council also received income of £326,000 (£463,000 in 2014/15). During 2015/16 Cardiff Bus paid a dividend of £250,000 to the Council (£nil in 2014/15).

At 31 March 2016, Cardiff Bus had inter-company balances with the Council as follows: debtors £87,000 (£117,000 in 2014/15) and creditors £0 (£29,000 in 2014/15).

The accounts for year ended 31 March 2016 have not yet been audited. The company's auditors are Deloitte.

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 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 2015 £000	Year to 31 March 2016 £000
Net (Profit)/Loss before taxation	(59)	(79)
Less: Taxation	2	11
(Profit)/Loss for year after taxation	(57)	68

Notes to the Core Financial Statements

A summary of the company's financial position is as follows:

	31 March 2015 £000	31 March 2016 £000
Total assets less current liabilities	956	850
Creditors: falling due after more than one year	(7)	(7)
Provision for taxation	(6)	(4)
Total Assets less liabilities	943	839
Represented by:		
Retained Profit	223	269
Revaluation Reserve	720	570
Net Worth	943	839

During 2015/16 the Council received income of £36,000 (£36,000 in 2014/15) from CBTC Ltd. At 31 March 2016 CBTC Ltd. Owed the Council £792 (£125,965 at 31 March 2015) and was owed £0 (£10,851 at 31 March 2015).

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 2016.

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. This company is due to close in 2016/17 and is not considered a going concern. The company's closing operating results, as summarised as follows, are provisional:

	Year to 31 March 2015 £000	Year to 31 March 2016 £000
Net (Profit)/Loss before taxation	47	108
Taxation	0	0
(Profit)/Loss for year after taxation	47	108

A summary of the company's financial position is as follows:

	31 March 2015 £000	31 March 2016 £000
Total assets less current liabilities	150	42
Total assets less liabilities	150	42
Represented by		
Retained Profit	(150)	(42)
Balance	(150)	(42)

During the year the Council made core funding payments totalling £340,000 to Cardiff Business Council and received income from the Company totalling £40,036. The Council incurred other expenditure in connection with Cardiff Business Council totalling £177,092. At 31 March 2016 the Company owed the Council £0 (£17,717 at 31 March 2015) and was owed £0 (£43,895 at 31 March 2015) 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 2016.

Notes to the Core Financial Statements

Cardiff Medicentre Joint Venture

Cardiff Medicentre was originally established to provide facilities for small firms in the medical and health care sector. This was a joint collaboration between the Council, Cardiff University, Welsh Government and the Cardiff and Vale University Health Board, with the Council owning a 44.5% share in the Council's balance sheet as an investment.

At the end of 2015/16, Cardiff University purchased the Council's interest in the Medicentre and a consideration payable (£1.282 million, net of fees) to the Council was agreed representing the net worth of the Joint Venture to cessation. This amount reflected the updated and independent valuation for the fixed assets and the Council's share of the revenue reserves. The latter included the distribution of profits for the 2015/16 financial year, being a net surplus of £180,325 (£163,365 in 2014/15).

During the year the Council received a total income of £4,750 from the Medicentre (£4,750 in 2014/15). 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 2016.

27. Provisions

	Balance 1 April 2015 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2016 £000
Cardiff Insurance Provisions	(11,334)	5,533	(4,641)	(10,442)
MMI Scheme of Arrangement Levy	(704)	0	(162)	(866)
Termination Benefits Provision	(59)	59	0	0
Ferry Road Landfill Provision	(9,096)	0	0	(9,096)
Lamby Way Landfill Provision	(16,993)	419	0	(16,574)
Other Provisions	(2,224)	1,411	(1,020)	(1,833)
Total Provisions	(40,410)	7,422	(5,823)	(38,811)

	Not later than one year £000	Later than one year £000	Balance 31 March 2016 £000
Cardiff Insurance Provisions	(4,760)	(5,682)	(10,442)
MMI Scheme of Arrangement Levy	(297)	(569)	(866)
Ferry Road Landfill Provision	(69)	(9,027)	(9,096)
Lamby Way Landfill Provision	(3,586)	(12,988)	(16,574)
Other Provisions	(1,774)	(59)	(1,833)
Total Provisions	(10,486)	(28,325)	(38,811)

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 effect 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.

Notes to the Core Financial Statements

Municipal Mutual Scheme (MMI) 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. Further details are provided in [note 33](#).

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 be reviewed in 2016/17.

Included within Other Provisions is a new provision (£522,000) in relation to potential maintenance costs in connection with the Council's occupancy of the Friary building.

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.

	Balance at 31 March 2015 £000	Balance at 31 March 2016 £000
Pension Strain due within 1 year	2,830	2,354
Pension Strain due later than 1 year	6,252	4,891
Total Pension Strain	9,082	7,245

29. Deferred Liabilities

These are primarily amounts provided by external bodies towards future year's maintenance costs.

	Balance 1 April 2015 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2016 £000
Commuted Maintenance Sums	(8,241)	1,163	(525)	(7,603)
Total Deferred Liabilities	(8,241)	1,163	(525)	(7,603)

	Not later than one year £000	Later than one year £000	Balance 31 March 2016 £000
Commuted Maintenance Sums	(986)	(6,617)	(7,603)
Total Deferred Liabilities	(986)	(6,617)	(7,603)

Notes to the Core Financial Statements

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 or to repay historical capital incurred.

2014/15 £000		2015/16 £000
1,399	Balance as at 1 April	1,336
	Movements during Year:	
3,825	Sale of Land, Buildings and other assets	8,739
2,022	Sale of Council Dwellings	2,426
13	Private Mortgage Repayments	0
204	Recoupments of grant/other	283
6,064		11,448
(4,753)	Finance Capital Expenditure	(5,857)
(1,361)	Provide for Repayment of External Loans	(1,504)
(6,114)		(7,361)
(13)	Additional set aside from Private Mortgage Repayments	0
1,336	Balance as at 31 March	5,423

The balance held at 31 March 2016 relates primarily to earmarked capital receipts to be used for future capital expenditure.

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.

2014/15 £000		2015/16 £000
206,879	Balance as at 1 April	201,371
937	Upward revaluation of assets	134,348
(3,256)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(73,901)
(2,319)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	60,447
(3,017)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(2,446)
(172)	Accumulated gains on assets sold or scrapped	(5,250)
(3,189)	Amount written off to the Capital Adjustment Account	(7,696)
201,371	Balance as at 31 March	254,122

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

Notes to the Core Financial Statements

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.

2014/15 £000		2015/16 £000
1,156,598	Balance as at 1 April	1,164,708
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(62,305)	Charges for depreciation and impairment of non-current assets	(56,146)
951	Reverse previous impairment on revaluation	7,188
(2,160)	Revaluation losses on Property, Plant and Equipment	(129,948)
(846)	Amortisation of intangible assets	(1,224)
(749)	Expenditure on REFCUS	(192,271)
(1,413)	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	(6,460)
(66,522)		(378,861)
3,017	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	2,446
(63,505)	Net written out amount of the cost of non-current assets consumed in the year	(376,415)
	Capital financing applied in the year:	
4,753	Capital Receipts	5,857
4,621	Direct Revenue Financing	5,233
959	Reserves and provisions	721
31	Insurance settlement	42
28,134	Grants and contributions	25,261
26,273	Prudent Revenue Provision	31,576
1,361	Capital receipts to provide for repayment of external loans	1,504
(243)	Reduction in loan debtors	(120)
65,889		70,074
6,230	Movements in the value of Investment Properties	(488)
(504)	Movement in the value of Held for Sale assets	(904)
1,164,708	Balance as at 31 March	856,975

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.

2014/15 £000		2015/16 £000
104	Balance as at 1 April	87
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,000
(17)	Transfers to the Capital Receipts Reserve upon receipt of cash	(38)
87	Balance as at 31 March	2,049

Notes to the Core Financial Statements

The balance has increased due to the deferred payment from disposal of the Central Bus Station site.

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 held as Financial Instruments 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.

2014/15 Restated £000		2015/16 £000
15,774	Balance as at 1 April	18,295
2,521	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(1,484)
18,295	Balance as at 31 March	16,811

It includes the Council's shareholding in Cardiff Bus which is not listed on any quoted market, and for which a valuation is 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 the 'available for sale reserve'. Any valuation should be treated with care as it is for accounting purposes only.

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.

2014/15 £000		2015/16 £000
(2,709)	Balance as at 1 April	(2,367)
342	Proportions of premiums and discounts incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	2,367
(2,367)	Balance as at 31 March	0

The balance related to premiums paid to the Public Works Loans Board in previous years for the early repayment of loans. These were charged in their entirety to the Comprehensive Income and Expenditure Statement during 2015/16.

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.

Notes to the Core Financial Statements

2014/15 £000		2015/16 £000
(481,278)	Balance as at 1 April	(548,868)
(51,492)	Actuarial gains or losses on pensions assets and liabilities	12,347
(57,171)	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 *	(60,086)
(830)	Reversal of amounts accrual in respect of pension strain for future years	1,837
41,903	Employer's pensions contributions and direct payments to pensioners payable in the year	41,845
(548,868)	Balance as at 31 March	(552,925)

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.

2014/15 £000		2015/16 £000
(6,789)	Balance as at 1 April	(7,670)
(881)	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	1,381
(7,670)	Balance as at 31 March	(6,289)

32. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16:

	2014/15 £000	2015/16 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(326,291)	(322,851)
Outcome Agreement Grant	(3,305)	(3,344)
Concessionary Fares Grant*	(10,303)	0
Council Tax Reduction Scheme	0	0
Non-Domestic Rates	(109,695)	(101,253)
Capital Grants	(26,340)	(23,613)
Developers' Contributions	(1,825)	(1,691)
Total	(477,759)	(452,752)
Credited to Services (Revenue Grants & Contributions)		
Central Government Bodies	(268,462)	(277,944)
Other Local Authorities	(6,995)	(3,282)
NHS Bodies	(7,498)	(9,022)
Public Corporations & Trading Funds	(108)	(216)
Other Entities and Individuals	(6,459)	(15,903)
Total	(289,522)	(306,367)

*The Concessionary Fares Grant, which was credited to the taxation and non-specific grant income line in 2014/15, has been credited to services in 2015/16.

Notes to the Core Financial Statements

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 2015 £000		31 March 2016 £000
	Capital Grants Receipts in Advance	
(2,160)	Central Government Bodies	(1,791)
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
0	Other Entities and Individuals	0
(2,160)	Total	(1,791)

31 March 2015 £000		31 March 2016 £000
	Revenue Grants and Contributions Receipts in Advance	
(3,005)	Central Government Bodies	(2,056)
0	Other Local Authorities	0
0	NHS Bodies	(29)
0	Public Corporations and Trading Funds	(199)
(729)	Other Entities and Individuals	(242)
(3,734)	Total	(2,526)

Capital Expenditure and other Contributions Receipts in Advance:

31 March 2015 £000		31 March 2016 £000
(9,724)	Balance as at 1 April	(10,095)
	Movements during Year:	
(2,523)	Contributions received during the year	(1,504)
1,850	Contributions applied to expenditure during the year	1,284
302	Reclassification	382
(10,095)	Balance as at 31 March	(9,933)

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.

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

Notes to the Core Financial Statements

as a capital receipt in the year that it is received. The estimated total value of equity provided at 31 March 2016 is £5.247 million.

At 21 December 2015, Glamorgan County Cricket Club owed the Council a total of £6.534 million. In March 2015, the Council approved a request from the club to write off 70% of sums due and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 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% (£1.960 million) remains 100% impaired. Any balances due are not shown in the financial statements but are shown as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan. Repayments are proposed to begin in 2019.

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 2016 there existed 14 claims against the Council for which there is no insurance cover. The claims include unfair dismissal, disability discrimination, council house disrepairs, personal injury claims and breach of contract. The potential liability in respect of the 14 claims is estimated to be £526,000, although some are unknown and the Council is resisting 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. The Council are liable to pay a percentage of claims previously settled by MMI and contribute to the cost of future settled claims. As at 31 March 2016 this liability amounted to £2.790 million for the former South Glamorgan County Council (shared 72/28 with the Vale of Glamorgan) and £229,691 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 £866,494 as at 31 March 2016 (as disclosed at [note 27](#) of the Notes to the Statement of Accounts). Additional levies may be imposed on Authorities. A further 10% is due to be paid in April 2016 bringing the total levy to 25% but the value and timing of future levies is not yet known.

34. Notes to Cash Flow Statement

Adjust net surplus or deficit on the provision of services for non-cash movements

	2014/15 £000	2015/16 £000
Depreciation, impairment & amortisation	(58,635)	(181,572)
Charges made for retirement benefits (IAS19) less employers contributions	(20,238)	(15,023)
Contributions (to)/from provisions	5,153	5,683
Gain/loss on disposal of non-current assets	(1,586)	(11,710)
Increase/(decrease) in stock	(588)	(30)
Increase/(decrease) in debtors (exc capital)	1,247	12,863
(Increase)/decrease in creditors (exc capital creditors) & super fund	(14,593)	4,186
	(89,240)	(185,603)

Notes to the Core Financial Statements

Items in net surplus/ deficit on provision of services that are investing and financing activities

	2014/15 £000	2015/16 £000
REFCUS	(749)	(192,271)
Net gain/(loss) on sale of non-current assets	5,774	11,096
Repayments of liabilities under finance leases	0	0
Capital grants/contributions recognised in I&E	28,165	25,304
Other cash items which effect investing or financing activities	(13,885)	(22,021)
	19,305	(177,892)

35. Events after the Reporting Period

There are no events after the reporting period to report.

36. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 29 September 2016 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.

During 2015/16, the Council paid a Settlement payment of £187.392 million to Welsh Government to exit the Housing Revenue Account Subsidy (HRAS) system. Whilst this means that the Council will no longer have to pay over part of its rental income to Welsh Government in the form of a subsidy payment, the Council will have to pay additional costs for the borrowing undertaken to fund this payment for many years to come. This includes additional costs for interest and also setting aside from any income additional amounts for reducing the amount borrowed and outstanding. These changes can be seen in the note below for 2015/16. Any financial benefit from this transaction on an ongoing basis is proposed to be re-invested into the housing stock.

2014/15			2015/16
£000		Note	£000
	Expenditure		
20,739	Repairs and maintenance		22,740
17,833	Supervision and management		17,862
128	Rents, rates, taxes and other charges		133
14,464	Housing Revenue Account subsidy payable		32
523	Provision for bad and doubtful debts		565
15,899	Depreciation, impairment and revaluation of non-current assets	8	120,169
353	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	0
0	Housing Revenue Account settlement payment	9	187,392
32	Debt management costs		66
69,971	Total Expenditure		348,959
	Income	2	
(58,586)	Dwelling rents		(61,103)
(67)	Non-dwelling rents		(89)
(6,578)	Charges for services and facilities		(6,444)
(65,231)	Total Income		(67,636)
4,740	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		281,323
42	HRA Services' share of Corporate and Democratic Core		67
4,782	Net Cost for HRA Services		281,390
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(2,819)	(Gain)/loss on sale of HRA non-current assets		(1,855)
4,806	Interest payable and similar charges		13,015
80	Changes in fair value of investment properties		0
(65)	Interest and Investment income		(72)
(11,480)	Capital Grants and Contributions applied		(10,181)
(4,696)	(Surplus)/Deficit for year on HRA services		282,297

Notes to Housing Revenue Account

MOVEMENT ON HRA STATEMENT

2014/15 £000		Note	2015/16 £000
(8,124)	Balance on the HRA at the end of the previous year		(8,438)
(4,696)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		282,297
4,828	Adjustments between accounting basis and funding basis under regulations	1	(283,013)
132	Net (increase)/decrease before transfers to or from reserves		(716)
(446)	Transfers to/(from) reserves		716
(314)	Increase or decrease in the year on the HRA		0
(8,438)	Balance on the HRA at the end of the current year		(8,438)

1. Adjustments between Accounting Basis and Funding Basis Under Regulations

2014/15 £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:		
15,899	Charges for depreciation and impairment of non-current assets	8	120,169
80	Movement in the market value of investment properties		0
353	Sums directed by Welsh Government	9	187,392
1,145	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		0
(11,480)	Capital grants and contributions applied		(10,181)
	Insertion of items not debited or credited to the HRA Income and Expenditure Statement:		
(2,899)	Prudent Provision for the financing of capital investment		(7,912)
(3,761)	Capital expenditure funded by the HRA		(4,818)
	Adjustments involving the Pensions Reserve:		
1,290	Net Retirement Benefits per IAS19		2,758
(14)	Pension Strain Accrual – future years		0
(1,507)	Employers Contributions to pension schemes		(2,630)
	Adjustments involving the Capital Receipts Reserve:		
(4,101)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(2,149)
35	Credit for disposal costs that qualify to be met from the resulting capital receipts		32
	Adjustments involving the Revaluation Reserve:		
137	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		290
	Adjustments involving the Accumulated Compensated Absences Account:		
(3)	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		28
	Adjustments involving the Financial Instruments Adjustment Account:		
(2)	Amortisation of premiums and discounts		34
(4,828)	Total Adjustments		283,013

Notes to Housing Revenue Account

2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Vacancies accounted for 2.03% of rental income (2.04% in 2014/15). Average rents were £88.23 per week (£84.33 in 2014/15) based on a 52 week year.

3. Rent Arrears and Bad Debt Provision

	As at 31 March 2015		As at 31 March 2016	
	Rent arrears	Bad debt provision	Rent arrears	Bad debt provision
	£000	£000	£000	£000
Ordinary HRA	2,459	1,929	2,795	2,189
Leasehold properties	44	44	41	41
Hostels	121	121	156	156
Total	2,624	2,094	2,992	2,386

In addition the following sums were also due from tenants:

	As at 31 March 2015		As at 31 March 2016	
	Arrears	Bad debt provision	Arrears	Bad debt provision
	£000	£000	£000	£000
Service Charges	55	33	81	49
Tenants recoverables	294	294	358	358
Total	349	327	439	407

During 2015/16 a number of old debts totalling £195,202 were written off as irrecoverable (£221,951 in 2014/15).

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:

	2014/15	2015/16
	£000	£000
Cost of employer's contributions plus discretionary benefits	1,507	2,630
Current service cost	(1,290)	(2,758)
Pension Strain Accrual - Future Years	14	0
Net transfer to Pensions Reserve	231	(128)

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. Housing Stock

The Council's housing stock is shown below:

	31 March 2015	31 March 2016
Houses	7,268	7,251
Bungalows	624	624
Flats/Bedsits	5,110	5,083
Maisonettes	240	168
Retirement complexes	358	357
Total	13,600	13,483

During the year the Council has demolished a number of units in preparation for new build schemes as part of the Housing Partnership Project.

The Council also owns two hostels, providing the following accommodation:

	31 March 2015	31 March 2016
Bed spaces in hostels	9	9
Flats in hostels	49	49
Total	58	58

6. Capital Expenditure and Capital Financing

2014/15 £000		2015/16 £000
96,360	Opening Capital Financing Requirement	94,518
	Capital Expenditure:	
17,777	Council dwellings	16,867
22	Other land & buildings	352
1	Vehicles, plant & equipment	786
422	Surplus assets	94
1,029	Assets under construction	1,259
61	Intangible Assets including intangible AUC	118
353	REFCUS	0
0	REFCUS - Housing Revenue Account settlement payment	187,392
1,100	Appropriation of Land	0
	Sources of Finance:	
(3,237)	Capital Receipts	(1,876)
(11,480)	Government grants and other contributions *	(10,181)
(3,761)	Direct revenue contributions and reserves	(4,818)
(4,129)	Prudent revenue and capital provision for loan repayment	(7,912)
94,518	Closing Capital Financing Requirement	276,599
0	Debt Cap at 31 March	316,554
0	Headroom	39,955
	Explanation of Movements in Year:	
(2,850)	Decrease in Underlying need to borrow (supported by government financial assistance - relating to previous years)	0
1,008	Increase in Underlying need to borrow (unsupported by government financial assistance - relating to previous years)	182,081
(1,842)	Movement in capital financing requirement	182,081

Notes to Housing Revenue Account

*£9.614 million (£9.6 million in 2014/15) of Major Repairs Grant was received from Welsh Government and applied in the year.

Following the exit from the housing subsidy system in 2015/16 all borrowing for the HRA is unsupported. As part of the exit, the Council must adhere to a debt cap set by Welsh Government. This is based on the Housing Capital Financing Requirement (CFR) calculation and at 31 March 2016, the cap was £316.554 million. The table above shows the Council remained within its cap. Breach of the cap could result in financial penalties imposed on the Council by Welsh Government.

7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2015/16 were as follows:

- Council Dwellings and Home Purchase Contributions £2.426 million (£2.022 million in 2014/15)
- Land £0.207 million (£2.061 million in 2014/15)

8. Depreciation, Impairment and Revaluation charged

Depreciation and impairment was charged on HRA assets as shown in the table below. 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.

	2014/15 £000	2015/16 £000
Council dwellings	13,877	119,841
Land and buildings	1,901	(80)
Vehicles, plant & equipment	123	408
Total depreciation, impairment and revaluation	15,901	120,169

Council dwellings were revalued during 2015/16. The vacant possession value of Council Dwellings was deemed to be £1.3 billion as at 01/04/2015. However, in accordance with valuation requirements, the valuation is required to be adjusted downwards to show the economic cost of providing social housing to tenants at less than market rents. The valuation in the accounts is shown at 40% of the vacant possession value, adjusted by movements in accordance with the Council policies in respect to accounting for such assets.

9. Sums directed by the Welsh Government

Revenue expenditure funded from capital under statute charged to the Housing Revenue Account in 2015/16 was £187.392 million (£353,000 in 2014/15). The amount charged to the HRA in 2015/16 relates to the settlement payment made for the exit from the HRA Subsidy system.

	2014/15 £000	2015/16 £000
Expenditure:		
Buildings not owned by the Council	353	0
Capitalisation Direction – Housing Revenue Account Subsidy System Settlement Payment	0	187,392
Charged to Income and Expenditure Account	353	187,392
Funded by:		
Borrowing, receipts and other capital resources	353	187,392
	353	187,392

Foreword

The City of Cardiff Council 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 fell by 1.6% during 2015/16, from £1.68 billion to £1.65 billion mainly as a result of 2015/16 having been a difficult year for global equity markets, with periods of significant volatility during the year. Over the longer term the Fund's assets have grown, averaging 6.5% per annum over the past three years, but the continuing low interest rates and expectations of lower investment returns in the future are likely to result in increased liabilities at this year's triennial valuation.

In July 2015 the UK Government announced that all LGPS funds in England and Wales must join together to form investment pools. The eight funds in Wales have been working together for several years and had already made significant progress towards collaborative investing. An outline proposal was submitted in February 2016 for a Wales Investment Pool with assets of around £13 billion. The Department for Communities and Local Government (DCLG) have responded positively to the submission and detailed proposals will be submitted in July this year. The pooling arrangement will have a significant impact on how investments are managed in the future but each individual LGPS fund will continue to set its own investment strategy in the light of its specific funding position and liability profile. New investment regulations are expected towards the end of this year.

The Fund's Local Pension Board was established in 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. Members were appointed from 1 July 2015 and the Board held its first meeting on 30 July. The Board will meet at least three times a year.

The Fund's key objectives continue to be to deliver an effective and efficient service to the 37,000 contributing employees, pensioners and deferred members, and to minimise the financial burden on contributing employers over the long term.

Christine Salter
Corporate Director Resources
29 September 2016

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.

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. The actuarial valuation of the Fund as at 31 March 2016 is currently underway and the Regulations require the formal report of the valuation and the Rates and Adjustment Certificate setting out employer contributions for the period from 1 April 2017 to 31 March 2020 to be signed off by 31 March 2017.
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
June 2016

Cardiff and Vale of Glamorgan Pension Fund

FUND ACCOUNT FOR YEAR ENDED 31 MARCH 2016

2014/15 Restated £000		2015/16 £000
	CONTRIBUTIONS AND BENEFITS	
	Contributions receivable	
58,471	from employers (note 5)	60,370
16,026	from employees (note 5)	16,360
2,978	Transfers in	5,034
5,134	Other Income (Capitalised Payments and interest on deficit funding)	2,134
82,609		83,898
	Benefits Payable	
(55,983)	Pensions (note 6)	(59,118)
(19,439)	Lump Sums (note 6)	(16,910)
	Payments to and on account of leavers	
(76)	Refunds of contributions	(136)
(3,204)	Transfers out	(8,220)
(78,702)		(84,384)
3,907	Net Additions/(Withdrawals) from dealings with Members of the Fund	(486)
	RETURNS ON INVESTMENT	
17,388	Investment Income (note 9)	18,176
176,648	Change in market value of investments (note 10)	(31,716)
(10,929)	Management expenses (note 8)	(12,520)
183,107	Net Returns on Investments	(26,060)
187,014	Net Increase/(Decrease) in the Fund During Year	(26,546)
1,492,503	Opening Net Assets of the Scheme	1,679,517
1,679,517	Closing Net Assets of the Scheme	1,652,971

Cardiff and Vale of Glamorgan Pension Fund

NET ASSET STATEMENT AS AT 31 MARCH 2016

2014/15 £000		2015/16 £000
1,616,090	Investments at market value (note 10)	1,599,878
37,061	Cash & investment proceeds due (note 10)	29,002
1,653,151		1,628,880
	Current assets	
121	UK & Overseas Tax	128
4,488	Contributions due from Employers and deficit funding	4,533
793	Sundry Debtors (note 14)	602
3,078	Pension Strain costs due within one year	2,886
8,480		8,149
	Non-current assets	
15,618	Deficit funding (former employers)	13,386
6,253	Pension strain costs due after one year	4,891
21,871		18,277
	Current liabilities	
(3,055)	Unpaid Benefits	(1,550)
(930)	Sundry Creditors (note 14)	(785)
(3,985)		(2,335)
1,679,517	Net Assets of the Scheme	1,652,971

NOTES TO THE ACCOUNTS

1. The Statement of Accounts summarises the transactions and net assets of the Pension Fund for the financial year 2015/16. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, 2015/16 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 105 and 106. 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 2016 (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 2016 was **£83 million** (£87 million at 31 March 2015).

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 calculation are summarised in the actuary's statement on page 105 and 106. 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 £83 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 2016 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 31.03.16	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	75	18	93
Cardiff and Vale College	374	13.6%	260	1,293	484	1,777
Cardiff City Transport	27	25.4%	480	689	55	744
City of Cardiff Council	9,987	22.9%	0	35,625	9,714	45,339
Cardiff Metropolitan University	743	13.6%	527	3,299	1,390	4,689
Cowbridge Town Council	4	27.0%	0	18	4	22
Dinas Powys Community Council	1	27.0%	0	7	2	9
Lisvane Community Council	1	27.0%	0	3	1	4
Llantwit Major Town Council	4	27.0%	0	18	4	22
Penarth Town Council	14	27.0%	0	78	18	96
Penllyn Community Council	1	27.0%	0	1	0	1
Public Services Ombudsman for Wales	1	32.3%	266	290	6	296
Radyr & Morganstown Community Council	1	27.0%	0	7	1	8
St Davids Sixth Form College	39	13.6%	14	126	51	177
Stanwell School	78	16.4%	13	171	56	227
Vale Of Glamorgan Council	3,317	22.7%	0	13,258	3,672	16,930
Wenvoe Community Council	1	27.0%	0	2	0	2
Sub-total	14,606			54,960	15,476	70,436
ADMITTED BODIES:						
APP Clean UK	5	21.5%	0	6	2	8
Cardiff Business Technology Centre	4	28.7%	0	22	5	27
Cardiff Gypsy & Traveller Project	0	23.4%	0	1	0	1
Cardiff Institute For The Blind	2	20.6%	59	68	3	71
Cardiff University	54	27.3%	1,300	1,654	82	1,736
Careers Wales (Cardiff & Vale)	78	18.1%	0	389	138	527
Children In Wales	25	27.3%	0	153	36	189
Civic Trust For Wales	0	23.4%	8	8	0	8
Colleges Wales	6	19.8%	9	57	19	76
Design Commission for Wales	4	20.3%	0	34	13	47
Mirus Wales	6	23.4%	0	58	22	80
National Trust	9	20.7%	0	34	10	44
One Voice	2	19.4%	6	23	7	30
Play Wales	6	24.0%	8	54	14	68

Cardiff and Vale of Glamorgan Pension Fund

	No. of contributors at 31.03.16	Contribution rates (% of pensionable pay)	Additional lump sum (memo) £000	Employers £000	Employees £000	Total £000
Royal National Eisteddfod	13	25.5%	32	150	36	186
Sport Wales	129	20.2%	1,050	1,866	281	2,147
Wales & West Housing	1	20.6%	105	133	15	148
Welsh Council For Voluntary Action	59	21.4%	36	455	131	586
Workers Education Association	52	22.3%	6	245	70	315
Sub-total	455			5,410	884	6,294
Total	15,061			60,370	16,360	76,730

Additional deficit funding

There was no additional deficit funding in 2015/16.

Comparative note for 2014/15

	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	392	13.6%	259	1,254	464	1,718
Cardiff City Transport	30	25.4%	480	729	65	794
City of Cardiff Council	9,519	22.9%	0	35,608	9,791	45,399
Cardiff Metropolitan University	790	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	39	13.6%	14	114	47	161

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
Stanwell School	76	16.4%	13	167	55	222
Vale Of Glamorgan Council	3,253	22.7%	0	12,037	3,332	15,369
Wenvoe Community Council	1	27.0%	0	2	0	2
Sub-total	14,142			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)	83	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
Memorial Hall	5	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	130	20.2%	500	1,323	286	1,609
Wales & West Housing	1	20.6%	102	139	16	155
Welsh Council For Voluntary Action	74	21.4%	43	500	149	649
Workers Education Association	50	22.3%	5	256	75	331
Sub-total	474			4,964	930	5,894
Total	14,616			58,471	16,026	74,497

Additional deficit funding

There was no additional deficit funding in 2014/15

Cardiff and Vale of Glamorgan Pension Fund

6. Employing Bodies - Benefits Paid

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
SCHEDULED BODIES:				
Barry Town Council	84	160	0	0
Cardiff City Transport	2,307	224	0	11
City of Cardiff Council	38,348	7,735	1,220	395
Cardiff and Vale College	640	213	55	2
Cardiff Metropolitan University	1,549	1,124	85	18
Cowbridge Town Council	11	10	0	0
Dinas Powys Town Council	9	0	0	0
Llantwit Major Town Council	18	0	0	0
Mary Immaculate High School	8	0	0	0
Penarth Town Council	43	114	0	0
Probation Service	39	0	0	0
Public Services Ombudsman for Wales	227	35	0	0
Royal Welsh College of Music & Drama	77	0	0	0
S Wales Magistrates Courts	373	173	1	23
St Cyres School	48	16	56	0
St David's Sixth Form College	69	23	0	0
Stanwell School	57	37	0	0
Vale of Glamorgan Council	10,979	4,028	37	99
Sub-total	54,886	13,892	1,454	548
ADMITTED BODIES:				
Cardiff Bay Arts Trust	11	3	0	0
Cardiff Bay Development Corp	502	46	0	0
Cardiff Business Technology Centre	13	0	0	0
Cardiff Gypsy & Traveller Project	11	0	0	0
Cardiff Institute for Blind	71	0	0	0
Cardiff University	1,076	211	0	(9)
Careers Wales (Cardiff & Vale)	348	136	65	0
Catholic Children's Society	2	0	0	0
Channel View Centre	5	0	0	0
Children in Wales	14	0	0	0
Citizens Advice Bureau (Cardiff)	13	0	0	0
Citizens Advice Bureau (Vale)	12	0	0	0
Civic Trust for Wales	18	0	0	0
Colleges Wales	74	0	0	0
Community Relations	2	2	0	0
Design Commission for Wales	3	0	0	0
Dimensions	10	0	0	0
Glam & Gwent Housing Assoc	58	0	0	0

Cardiff and Vale of Glamorgan Pension Fund

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
Glamorgan Holiday Hotel	60	47	0	0
Higher Ed Development Wales	3	0	0	0
Housing for Wales	202	30	0	0
Intervol	22	0	0	0
Land Authority for Wales	304	0	0	0
National Eisteddfod	71	0	0	0
National Trust	10	91	0	0
Memorial Hall	12	0	0	0
Mirus Wales (Opportunity Housing Trust)	20	0	0	0
Play Wales	20	0	0	0
S E Wales Com Trust	7	0	0	0
Sport Wales	839	64	0	23
STAR	7	0	0	0
Wales & West Housing	139	(7)	0	0
Wales Youth Agency	56	0	0	0
Welsh Council for Voluntary Action	189	173	0	0
Workers Education Association	28	141	0	0
Sub-total	4,232	937	65	14
TOTAL	59,118	14,829	1,519	562

Comparative note for 2014/15

	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
S Wales Magistrates Courts	316	348	0	34

Cardiff and Vale of Glamorgan Pension Fund

	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
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
Sub-total	3,936	779	71	16
TOTAL	55,983	17,393	1,545	501

Cardiff and Vale of Glamorgan Pension Fund

7. Membership of the Fund

Fund membership at 31 March 2016 is as follows:

	2014/15 (Restated)	2015/16
Contributing Employers	33	36
Contributors	14,616	15,061
Pensioners	10,281	10,626
Deferred pensioners	12,073	12,308
Total membership	36,970	37,995

8. Management Expenses

Management Expenses fully charged to the Fund are:

	2014/15 Restated £000	2015/16 £000
Administration Costs	789	912
Investment Management Expenses	10,016	11,484
Oversight & Governance Costs	124	124
TOTAL	10,929	12,520

9. Investment Income

	2014/15 £000	2015/16 £000
UK Fixed Interest Securities	5,277	5,098
Overseas Fixed Interest Securities	2,345	2,663
UK Equities & Private Equity Funds	3,105	3,209
Pooled investments	1,278	1,432
Overseas Equities (net of irrecoverable tax)	3,682	3,817
Property Unit Trust Income	1,529	1,700
Interest on UK cash	75	132
Securities Lending	97	125
TOTAL	17,388	18,176

Cardiff and Vale of Glamorgan Pension Fund

10. Investments at Market Value

2014/15 £000		2015/16 £000
	UK Fixed Interest:	
53,976	Public Sector	66,966
129,201	Other (Pooled)	93,423
183,177		160,389
	Overseas Fixed Interest:	
61,913	Public Sector (Pooled)	86,645
61,913		86,645
101,886	UK quoted Equities & Convertibles	95,636
174,678	Foreign quoted Equities	161,746
276,564		257,382
99,211	UK & Global Property (Pooled)	118,632
87,433	Private Equity	83,101
	Pooled Funds	
484,258	UK	470,172
423,534	Overseas	423,557
907,792		893,729
(2,209)	Derivatives: Forward Currency Contracts	(2,273)
(2,209)		(2,273)
	Cash:	
24,110	UK	24,267
13,559	Overseas	5,059
1,601	Net investment proceeds due	1,949
39,270		31,275
1,653,151	TOTAL	1,628,880

Gross purchases in the year (excluding cash and forward currency) were £178.949 million, whilst sales were £177.987 million. From these a net realised loss was accrued to the Fund of £798,000. 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 31/03/15	Purchase at cost	Sale Proceeds	Change in Market Value	Value at 31/03/16
	£000's	£000's	£000's	£000's	£000's
Fixed Interest Securities	245,090	101,156	(98,590)	(622)	247,034
Equities	276,564	63,341	(55,312)	(27,211)	257,382
Pooled Funds	907,792	878	0	(14,941)	893,729
Property unit trusts	99,211	10,305	0	9,116	118,632
Private equity	87,433	3,269	(24,085)	16,484	83,101
Sub total	1,616,090	178,949	(177,987)	(17,174)	1,599,878
Forward Currency	(2,209)	2,709,754	(2,695,045)	(14,773)	(2,273)
Futures	0	0	0	0	0
Total Derivatives	(2,209)	2,709,754	(2,695,045)	(14,773)	(2,273)
Debtors	1,742				1,949
Creditors	(141)				0
Managers' Cash	7,700				5,004
Internal Cash	24,110				24,267
Currency Overlay	5,859				55
Total Cash	39,270			231	31,275
Total Cash and Investment Proceeds Due	37,061			(14,542)	29,002
Total	1,653,151			(31,716)	1,628,880

Comparative data for 2014/15:

	Value at 31/03/14	Purchase at cost Restated	Sale Proceeds	Change in Market Value Restated	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	2,686	(24,878)	16,700	87,433
Sub total	1,442,289	141,445	(141,299)	173,655	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			176,648	1,653,151

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year amounted to £258,473. 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 2016

	£000	% of Fund
Aberdeen Asset Management	247,805	15.2
Aberdeen Emerging Markets	54,952	3.4
Blackrock Investment Management	181,088	11.1
Invesco Perpetual	91,944	5.6
J P Morgan	67,666	4.2
Majedie	98,197	6.0
Nikko	88,371	5.4
Schroder Investment Managers	76,851	4.7
State Street Global Advisers	498,078	30.6
Property	118,632	7.3
Private Equity Managers	83,101	5.1
Mesirow currency overlay & cash with custodian	(2,072)	(0.1)
Internally managed (Cash)	24,267	1.5
Total	1,628,880	100

Cardiff and Vale of Glamorgan Pension Fund

12. Financial Instruments

a) Classification of financial instruments

31/03/2015				31/03/2016		
Fair Value through profit and loss	Loans and Receivables	Financial Liabilities at Amortised Costs		Fair Value through profit and loss	Loans and Receivables	Financial Liabilities at Amortised Costs
£000	£000	£000		£000	£000	£000
			Financial assets			
245,090	0	0	Fixed Interest Securities	247,034	0	0
276,564	0	0	Equities	257,382	0	0
907,792	0	0	Pooled Funds	893,729	0	0
99,211	0	0	Property Unit Trusts	118,632	0	0
87,433	0	0	Private Equity	83,101	0	0
156,416	0	0	Derivatives	168,982	0	0
0	37,669	0	Cash	0	29,326	0
1,601	0	0	Other investments	1,949	0	0
0	30,351	0	Debtors	0	26,426	0
1,774,107	68,020	0		1,770,809	55,752	0
			Financial liabilities			
(158,625)	0	0	Derivatives	(171,255)	0	0
0	0	0	Other investments	0	0	0
0	0	(3,985)	Creditors	0	0	(1,812)
0	0	0	Borrowings	0	0	0
(158,625)	0	(3,985)		(171,255)	0	(1,812)
1,615,482	68,020	(3,985)		1,599,554	55,752	(1,812)

b) Net gains and losses on financial instruments

31/03/2015 £000		31/03/2016 £000
	Financial Assets	
294,432	Fair value through profit and loss	(21,259)
0	Loans and receivables	0
	Financial liabilities	
(117,769)	Fair value through profit and loss	(12,630)
(15)	Loans and receivables	2,173
176,648	Total	(31,716)

c) 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 2016	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	679,529	718,616	372,664	1,770,809
Loans and receivables	55,752	0	0	55,752
Total financial assets	735,281	718,616	372,664	1,826,561
Financial liabilities				
Financial liabilities at fair value	0	0	(171,255)	(171,255)
Financial liabilities at amortised cost	(1,812)	0	0	(1,812)
Total financial liabilities	(1,812)	0	(171,255)	(173,067)
Net financial assets	733,469	718,616	201,409	1,653,494

13. Nature and extent of risks arising 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.

Cardiff and Vale of Glamorgan Pension Fund

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 31.03.2016	Change in year in the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash	29,002	290	(290)
Fixed interest securities	247,034	2,470	(2,470)
Total	276,036	2,760	(2,760)

2014/15 Comparative:

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)

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 6.35%. A 6.35% 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:

Cardiff and Vale of Glamorgan Pension Fund

	Asset value as at 31.03.2016	Change to net assets available to pay benefits	
Currency exposure – asset type		6.35%	-6.35%
	£000	£000	£000
Overseas quoted securities	602,722	640,995	564,449
Total change in assets available	602,722	640,995	564,449

	Asset value as at 31.03.2015	Change to net assets available to pay benefits	
Currency exposure – asset type		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

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.

Asset type	Value as at 31.03.2016 £000	Percentage change %	Value on increase £000	Value on Decrease £000
Total Assets	1,628,880	7.34%	1,748,440	1,509,320
UK Equities	565,808	9.99%	622,332	509,284
Overseas Equities	585,303	10.05%	644,126	526,480
Total Bonds	247,034	4.74%	258,743	235,325
Cash	29,002	0.01%	29,005	28,999
Alternatives	83,101	3.18%	85,744	80,458
Property	118,632	2.12%	121,147	116,117

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	3.35%	90,362	84,504
Property	99,211	2.25%	101,443	96,979

Cardiff and Vale of Glamorgan Pension Fund

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 Lloyds but is placed with a selection of AAA Money Market institutions. The Fund's cash holding under its treasury management arrangements as at 31.03.2016 was £24.8 million (£24.6 million at 31.03.2015). This was held with the following institutions:

	Rating	Balance at 31.03.2015 £000	Balance at 31.03.2016 £000
Money market funds			
Ignis	AAA	12,000	12,000
Deutsche	AAA	12,000	920
Blackrock	AAA	650	11,950
Bank current account			
Lloyds Bank	A	6	(80)
Total		24,656	24,790

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

	2014/15 £000	2015/16 £000
Debtors		
Pensions Administration	26	0
Miscellaneous	767	602
	793	602
Creditors		
Management & Custody Fees	(899)	(785)
Miscellaneous	(31)	0
	(930)	(785)
Total	(137)	(183)

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 £416,000 and the market value of separately invested AVC's as at 31 March 2016 was £3.225 million.

16. Commitments

As at 31 March 2016 the Fund had outstanding private equity commitments of a maximum of £38.64 million (£40.57 million at 31 March 2015).

As at 31 March 2016 the Fund had forward currency contracts amounting to £168.98 million of purchases and £171.26 million of sales, showing an unrealised loss of £2.27 million.

17. Securities Lending

At the year end the value of quoted equities on loan was £40.42 million (£38.00 million at March 2015) in exchange for which the custodian held collateral of £42.54 million (£40.35 million at March 2015). For the year ending 31 March 2016, the Fund received income of £120,991 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](#);
- 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

The United Kingdom held a referendum on 23 June 2016 on future membership of the European Union and the result was a 52% majority in favour of leaving the EU. The result had an immediate impact on financial markets but the long term impact is still unknown. Markets have continued to be volatile in response to the ongoing political and economic uncertainty. The pound has lost value against other major currencies resulting in an increase in the value of overseas investments held by UK investors. The total market value of the Cardiff & Vale of Glamorgan Pension Fund's investment assets has increased since the referendum result but no adjustments have been made to valuations as at 31 March 2016 to reflect this increase.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2015/16 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 drafting these accounts, the accounts for Cardiff Bus had not been audited 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. In addition, the Council had an interest in the Cardiff Medicentre Joint Venture during 2015/16, however this interest had been sold as at 31 March 2016. 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 2015/16. 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 19 to 34 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 Non-Current 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 non-current 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 2016

	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 2014 carried forward (restated)	11,413	30,559	8,124	684	1,399	52,179	883,737	935,916
<u>Movement in Reserves during 2014/15 (restated)</u>								
Surplus or (deficit) on the provision of Services	(11,619)	0	4,696	0	0	(6,923)	2,065	(4,858)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(55,994)	(55,994)
Total Comprehensive Income and Expenditure	(11,619)	0	4,696	0	0	(6,923)	(53,929)	(60,852)
Adjustments between accounting basis & funding basis under regulations	16,625	0	(4,828)	0	(63)	11,734	(11,734)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	5,006	0	(132)	0	(63)	4,811	(65,663)	(60,852)
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	(65,663)	(60,852)
Balance at 31 March 2015 carried forward (restated)	13,154	33,824	8,438	238	1,336	56,990	818,074	875,064
<u>Movement in Reserves during 2015/16</u>								
Surplus or (deficit) on the provision of Services	(19,108)	0	(282,297)	0	0	(301,405)	364	(301,041)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	74,169	74,169
Total Comprehensive Income and Expenditure	(19,108)	0	(282,297)	0	0	(301,405)	74,533	(226,872)

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
Adjustments between accounting basis & funding basis under regulations	39,022	0	283,013	0	4,087	326,122	(326,122)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	19,914	0	716	0	4,087	24,717	(251,589)	(226,872)
Transfers to/(from) Earmarked Reserves	(17,813)	17,813	(716)	716	0	0		0
Other Movements in Reserves						0		0
Increase/(Decrease) in 2015/16	2,101	17,813	0	716	4,087	24,717	(251,589)	(226,872)
Balance at 31 March 2016 carried forward	15,255	51,637	8,438	954	5,423	81,707	566,485	648,192

Group Accounts

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

2014/15 Restated				Note	2015/16		
Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000
51,243	(17,958)	33,285	Central Services to the Public		47,725	(14,023)	33,702
58,205	(27,886)	30,319	Cultural & Related Services		59,698	(28,652)	31,046
58,059	(23,779)	34,280	Environmental & Regulatory Services		65,347	(35,041)	30,306
20,081	(19,905)	176	Planning Services		27,263	(23,349)	3,914
404,770	(98,704)	306,066	Children's and Education Services		404,264	(108,102)	296,162
85,101	(42,017)	43,084	Highways & Transport Services		85,035	(53,994)	31,041
69,971	(65,231)	4,740	Housing Revenue Account		161,633	(67,635)	93,998
181,640	(175,755)	5,885	Housing Services (General Fund)		182,799	(177,143)	5,656
127,857	(25,777)	102,080	Adult Social Care		125,100	(22,556)	102,544
9,982	(2,004)	7,978	Corporate & Democratic Core		11,899	(396)	11,503
3,405	323	3,728	Non-Distributed Costs		3,656	3,798	7,454
0	0	0	Exceptional Item	6	187,392	0	187,392
1,070,314	(498,693)	571,621	Net Cost of Services		1,361,811	(527,093)	834,718
26,411	0	26,411	South Wales Police Authority Precept		27,880	0	27,880
256	0	256	Community Council Precepts		290	0	290
16,984	0	16,984	Levies & Contributions		16,798	0	16,798
1,589	(5,774)	(4,185)	(Gain)/loss on sale of non-current assets		10,618	(11,814)	(1,196)
45,240	(5,774)	39,466	Other Operating Expenditure		55,586	(11,814)	43,772
24,734	0	24,734	Interest Payable on debt		32,318	0	32,318
16	0	16	Interest element of finance leases	4	16	0	16
21,970	(3,728)	18,242	Interest on net defined benefit liability/(asset)	5	18,728	(1,735)	16,993
0	(1,106)	(1,106)	Interest & Investment Income			(1,035)	(1,035)
0	0	0	Other Investment Income		1,092	(1,282)	(190)
6,161	(12,391)	(6,230)	Change in fair value of Investment Properties		488	0	488

Group Accounts

2014/15 Restated				Note	2015/16		
Gross Expenditure £000	Gross Income £000	2014/15 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000
52,881	(17,225)	35,656	Financing and Investment Income & Expenditure		52,642	(4,052)	48,590
0	(28,165)	(28,165)	Recognised Capital Grants & Contributions			(25,304)	(25,304)
0	(326,291)	(326,291)	Revenue Support Grant			(322,851)	(322,851)
0	(109,695)	(109,695)	Non-Domestic Rates			(101,253)	(101,253)
779	(165,499)	(164,720)	Council Tax Income		1,834	(175,121)	(173,287)
0	(13,608)	(13,608)	Other Central Grants			(3,344)	(3,344)
779	(643,258)	(642,479)	Taxation & Non-Specific Grant Income		1,834	(627,873)	(626,039)
594	0	594	Tax expenses - Corporation Tax payable			0	0
		4,858	(Surplus)/Deficit on Provision of Services				301,041
		(937)	Revaluation Gains				(134,348)
		2,844	Revaluation Losses				73,310
		412	Impairment losses on non-current assets charged to the Revaluation Reserve				591
		0	(Surplus)/Deficit on revaluation of available for sale financial assets				(37)
		51,491	Actuarial gains/losses on pension assets/liabilities				(12,346)
		2,184	Share of other comprehensive income & expenditure of subsidiaries				(1,339)
		55,994	Other Comprehensive Income & Expenditure				(74,169)
		60,852	Total Comprehensive Income & Expenditure				226,872

Group Accounts

GROUP BALANCE SHEET AS AT 31 MARCH 2016

31 March 2015 Restated £000		Note	31 March 2016 £000
	<u>Property Plant & Equipment:</u>	7	
569,012	Council Dwellings		529,464
771,195	Other Land and Buildings		749,640
29,398	Vehicles, Plant, Furniture & Equipment		31,858
308,666	Infrastructure		298,598
19,206	Community Assets		19,620
11,757	Assets under construction (AUC)		31,048
37,024	Surplus assets not held for sale		36,299
50,884	Heritage Assets		51,278
100,787	Investment Properties		110,471
4,346	Intangible Non-Current Assets including AUC		3,179
3,754	Long-term Investments		1,441
2,790	Long-term Debtors		5,081
938	Deferred tax asset		558
1,909,757	Total Long-Term Assets		1,868,535
42,122	Short-term Investments		54,215
3,040	Assets held for Sale		2,819
2,446	Inventories		2,398
92,028	Short-term Debtors	9	87,215
28,446	Cash and Cash Equivalents	10	22,360
168,082	Total Current Assets		169,007
(12,964)	Short-term Borrowing		(16,147)
(97,296)	Short-term Creditors	11	(87,291)
(2,830)	Pension Strain		(2,354)
(10,300)	Provisions	12	(11,556)
(1,746)	Deferred Liabilities	13	(2,224)
(397)	Deferred tax liability		(393)
(125,533)	Total Current Liabilities		(119,965)
(465,808)	Long Term Borrowing		(659,408)
(32,975)	Provisions	12	(29,633)
(10,509)	Deferred Liabilities	13	(11,869)
(10,095)	Capital Contributions Receipts in Advance		(9,933)
(3,734)	Revenue Grants Receipts in Advance		(2,526)
(2,160)	Capital Grants Receipts in Advance		(1,791)
(6,252)	Pensions Strain		(4,891)

Group Accounts

31 March 2015 Restated £000		Note	31 March 2016 £000
(544,477)	Net Pensions Liability		(548,471)
(1,232)	Deferred tax liability		(863)
(1,077,242)	Total Long-Term Liabilities		(1,269,385)
875,064	NET ASSETS		648,192
	Financed by:		
13,154	Council Fund Balance		15,255
33,824	Council Fund Earmarked Reserves		51,637
8,438	Housing Revenue Account Balance		8,438
238	Housing Revenue Account Earmarked Reserves		954
1,336	Capital Receipts Reserve		5,423
56,990	Usable Reserves		81,707
204,601	Revaluation Reserve		257,392
1,164,708	Capital Adjustment Account		856,975
87	Deferred Capital Receipts		2,049
4,618	Available for Sale Financial Instruments Reserve		4,656
(2,367)	Financial Instruments Adjustment Account		0
(552,621)	Pensions Reserve		(555,158)
(7,670)	Accumulated Absences Adjustment Account		(6,289)
6,718	Cardiff Bus Retained Earnings		6,860
818,074	Unusable Reserves		566,485
875,064	TOTAL RESERVES		648,192

Group Accounts

GROUP CASH FLOW STATEMENT AS AT 31 MARCH 2016

2014/15 Restated £000		Note	2015/16 £000
4,858	Net (Surplus) /Deficit on the provision of services		301,041
(92,628)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	14	(186,431)
21,712	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	14	(178,498)
(66,058)	Net cash flows from operating activities		(63,888)
(1,126)	Interest Received		(1,209)
24,744	Interest Paid		30,050
118	Finance lease interest paid		166
0	Dividends received		0
56	Taxation (group only)		234
(89,850)	Net cash flow from other operating activities		(93,129)
69,447	Investing activities		281,522
72,585	Purchase of property, plant and equipment, investment property and intangible assets		93,760
29,047	Purchase of short-term and long-term Investments		31,231
9,922	Other payments for investing activities		200,875
(5,830)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,814)
(33,754)	Capital Grants		(31,744)
(2,523)	Capital Contributions		(1,504)
0	Proceeds from short-term and long-term investments		(1,282)
13,707	Financing activities		(211,548)
(6,902)	Cash receipts from short-term and long-term borrowing		(205,399)
	Other receipts from financing activities		(13,454)
891	Cash payments for the reduction of outstanding liabilities relating to finance leases		1,313
7,820	Repayments of short-term and long-term borrowing		5,992
11,898	Other payments for financing activities		0
17,096	Net (increase)/ decrease in cash and cash equivalents		6,086
45,542	Cash and cash equivalents at the beginning of the reporting period		28,446
28,446	Cash and cash equivalents at the end of the reporting period represented by:		22,360
182	Cash		233
13,842	Bank (including cheque book schools)		15,513
14,422	Short-term deposits with banks and building societies		6,614

NOTES TO THE GROUP ACCOUNTS

The notes to the Council's Core Financial Statements as set out on pages 41 to 98 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	
	2014/15	2015/16
60,000-64,999	91	46
65,000-69,999	28	44
70,000-74,999	8	14
75,000-79,999	17	5
80,000-84,999	6	10
85,000-89,999	6	3
90,000-94,999	8	3
95,000-99,999	0	3
100,000-104,999	3	1
105,000-109,999	2	2
110,000-114,999	1	1
115,000-119,999	10	1
120,000-124,999	1	8
125,000-129,999	0	1
130,000-134,999	0	0
135,000-139,999	1	0
140,000-144,999	1	0
145,000-149,999	0	1
150,000-154,999	1	0
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	1	0
170,000-174,999	0	2
175,000-179,999	1	0
180,000-184,999	0	0

Further information regarding the remuneration of directors and employees of Cardiff Bus is contained in the company's 2015/16 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.

3. External Audit Costs

In 2015/16 the following fees were paid by the Council and its subsidiary in respect of audit and inspection:

Notes to Group Accounts

	2014/15 £000	2015/16 £000
Fees payable to Wales Audit Office for external audit services	421	400
Fees Payable to other external auditors in respect of external audit services	24	32
Fees payable to external auditors for the certification of grant claims and returns	118	84
Fees payable in respect of other services provided by external auditors	3	3
Total	566	519

4. Leasing

Operating Leases

Operating leases exist in respect of properties, vehicles and other items of equipment. Payments made during 2015/16 were as follows:

	2014/15 (Restated) £000	2015/16 £000
Property Leases	1,886	1,553
Other Leases	1,371	2,365

The group was committed at 31 March 2016 to making payments of £3.700 million under operating leases in 2016/17 comprising the following elements:

	Property Leases £000	Other Leases £000
Leases expiring within 1 year	0	131
Leases expiring within 2 and 5 years	518	1,979
Leases expiring after 5 years	905	167

Finance Leases

Finance leases exist in respect of vehicles and equipment. The aggregate finance charges made during 2015/16 were as follows:

	2014/15 £000	2015/16 £000
Vehicles, Plant & Equipment	118	116

The assets acquired under finance leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2014/15 £000		2015/16 £000
8,934	Vehicles, Plant, Furniture and Equipment	11,620

Notes to Group Accounts

Obligations under finance leases:

2014/15 Restated £000		2015/16 £000
722	Obligations payable within 1 year	1,238
3,111	Obligations payable between 2 and 5 years	4,679
181	Obligations payable after 5 years	573
4,014	Total liabilities as at 31st March	6,490

5. Pensions

The following sums were charged to the Group Comprehensive Income Expenditure Statement in the year in respect of pensions:

	2014/15 £000	2015/16 £000
<i>Net Cost of Services</i>		
Past and current service cost and total operating charge	38,663	44,407
<i>Net Operating Expenditure</i>		
Interest on net defined benefit liability/(asset)	18,242	16,993
Net charge to Group Income & Expenditure Account	56,905	61,400
Appropriation to/(from) Pensions Reserve to Council Fund Balance	(15,268)	(18,241)
Appropriation to/(from) Pensions Reserve to Profit and Loss Accounts of subsidiaries	1,872	340
Net charge to Council Fund Balance and Profit & Loss Accounts of Subsidiaries in respect of Pensions	43,509	43,499
Represented by:		
<i>Employers Contributions charged to Council Tax:</i>		
Employers Contributions Payable to the Scheme	(38,403)	(38,535)
Payments in Respect of Unfunded Pensions Liabilities	(3,500)	(3,310)
<i>Employers Superannuation Contributions Made by Subsidiaries to Defined Benefit Schemes in the Year</i>	(1,606)	(1,654)
	(43,509)	(43,499)

Pensions Assets and Liabilities of Cardiff Bus

The disclosures that follow relate solely to the pensions' arrangements of Cardiff City Transport Services Ltd. and have been taken directly from the 2015/16 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 £554,000 (£682,000 in 2014/15) represents contributions payable during the year. At 31 March 2016, contributions of £70,000 (£89,000 in 2014/15) 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 1.4% per annum higher than the rate of future annual wage and salary growth and 1.9% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 0.9% 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 £30.0m 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 14.5% 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 2016 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2014	31 March 2015	31 March 2016
Rate of increase in salaries	3.9% per annum	3.5% per annum	3.1% per annum
Discount rate	4.4% per annum	3.3% per annum	3.5% per annum
Inflation assumption	3.4% per annum	3.0% per annum	3.1% per annum
Pension increases	2.7% per annum	2.0% per annum	2.1% per annum
Inflation assumption (CPI)	2.7% per annum	2.0% per annum	2.1% 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 20.5 years if they are male and for a further 22.5 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 21.8 years after retirement if they are male and for a further 24.0 years after retirement if they are female.

Notes to Group Accounts

The assets in the fund and expected rates of return were:

	2013/2014		2014/2015		2015/2016	
	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	7,341	6.5% pa	13,020	N/A	13,734
Diversified growth	6.8% pa	12,937	6.3% pa	15,742	N/A	15,348
Convertible Bonds	6.5% pa	9,748	6.0% pa	4,001	N/A	3,759
Bonds	N/A	0	N/A	0	N/A	0
Cash	2.0% pa	60	2.0% pa	32	N/A	83
		30,086		32,795		32,924

* Under the reporting standard FRS102, which replaces FRS17, the expected return on assets is set equal to the discount rate at the start of the year.

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Total market value of assets	30,086	32,795	32,924
Present value of scheme liabilities	(29,914)	(34,276)	(32,046)
Net IAS19 Scheme Deficit	172	(1,481)	878

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Analysis of amount charged to operating profit			
Current service cost and total operating charge	(644)	(588)	(669)
Analysis of amount credited/(charged) to interest receivable/payable			
Expected return on pension scheme assets	1,941	2,018	835
Interest on pension scheme liabilities	(1,251)	(1,304)	(1,120)
Net finance income/(charge)	690	714	(285)

Analysis of amount recognised in the primary statements

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Actual return less expected return on pension assets	(474)	974	(315)
Changes in financial assumptions underlying the scheme/(liabilities)	245	(3,599)	2,664
Actuarial gain/(loss) recognised in the primary statements	(229)	(2,625)	2,349

Notes to Group Accounts

Movements in scheme deficit during the year

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
At 1 April b/f	(546)	172	(1,481)
Movement in year:			
Total operating charge	(644)	(588)	(669)
Contributions	901	846	964
Net finance income/(charge)	690	714	(285)
Actuarial gain/(loss) in the primary statements	(229)	(2,625)	2,349
At 31 March c/f	172	(1,481)	878

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 IAS19 in order to assess the liabilities of the Fund as at 31 March 2016. 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 2013 valuation are as follows:

April 2016 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 2014	At 31 March 2015	At 31 March 2016
Rate of increase in salaries	3.9% pa	3.5% pa	3.1% pa
Discount rate	4.4% pa	3.3% pa	3.5% pa
Rate of increase in pensions in payment	2.7% pa	2.0% pa	2.1% pa
Rate of increase in deferred pensions	2.7% pa	2.0% pa	2.1% pa
Rate of inflation (RPI)	3.4% pa	3.0% pa	3.1% pa
Rate of inflation (CPI)	2.7% pa	2.0% pa	2.1% 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 21.5 years if they are male and for a further 23.2 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 22.7 years after retirement if they are male and for a further 24.6 years after retirement if they are female.

The assets in the fund and expected rates of return were:

	2013/14		2014/15		2015/16	
	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	7.6% pa	19,888	7.6% pa	21,285	N/A	19,917
Government bonds	3.4% pa	1,753	3.4% pa	1,870	N/A	2,148
Corporate bonds	4.0% pa	2,032	4.0% pa	2,173	N/A	1,909
Property	6.9% pa	1,372	6.9% pa	1,622	N/A	1,936
Cash	0.9% pa	330	0.9% pa	467	N/A	610
Other assets	7.6% pa	25	7.6% pa	83	N/A	0
		25,400		27,500		26,520

*Under the reporting standard FRS102, which replaces FRS17, the expected return on assets is set equal to the discount rate at the start of the year.

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Total market value share of assets	25,400	27,500	26,520
Present value of scheme liabilities	(29,210)	(30,710)	(30,190)
Net IAS19 Scheme Deficit	(3,810)	(3,210)	(3,670)

Analysis of amount charged to operating profit:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Current service cost/Past Service Cost	(310)	(320)	(270)
Total Operating Charge	(310)	(320)	(270)

Analysis of amount credited/(charged) to interest receivable/payable:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Expected return on pension scheme assets	1,610	1,710	900
Interest on pension scheme liabilities	(1,320)	(1,250)	(990)
Net Finance Income/(Charge)	290	460	(90)

Notes to Group Accounts

Analysis of amount recognised in the primary statements:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
Actual return less expected return on pension assets/(liabilities)	840	1,500	(1,300)
Changes in financial assumptions underlying the scheme (liabilities)/assets	2,240	(1,800)	510
Actuarial (loss)/gain recognised in the primary statements.	3,080	(300)	(790)

Movements in scheme deficit during the year:

	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2016 £000
At 1 April	(7,670)	(3,810)	(3,210)
Movement in year:			
Total operating charge	(310)	(320)	(270)
Contributions	800	760	690
Net finance income/(charge)	290	460	(90)
Actuarial (loss)/gain in the primary statements	3,080	(300)	(790)
At 31 March	(3,810)	(3,210)	(3,670)

The total net pension liability measured under IAS19 for both schemes is as follows:

The Group and the Company	31 March 2015 £000	31 March 2016 £000
Cardiff City Transport Scheme	1,481	(878)
Cardiff & Vale of Glamorgan Pension Scheme	3,210	3,670
Deferred Tax Asset	(938)	(558)
Total	3,753	2,234

6. Exceptional Item

There are no exceptional items reported in the 2015/16 Cardiff Bus Accounts.

Notes to Group Accounts

7. Non-Current Assets note

2015/16	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 2015	604,426	810,949	77,813	575,174	19,206	37,024	11,757	2,136,349
Additions	16,866	18,251	8,948	11,284	389	2,103	25,540	83,381
Impairment (losses)/reversals to RR *	0	(591)	0	0	0	0	0	(591)
Impairment losses / reversals to SDPS **	(3,247)	(809)	0	0	0	(102)	(544)	(4,702)
Derecognition - disposals	(815)	(4,200)	(10,777)	0	0	(3,200)	0	(18,992)
Reclassified (to)/from Held for Sale	0	(1,842)	0	0	0	(410)	0	(2,252)
Other reclassifications	422	(2,317)	656	886	25	3,751	(5,705)	(2,282)
Revaluation increases /(decreases) to RR*	63,820	(14,001)	0	0	0	(415)	0	49,404
Revaluation increases /(decreases) to SDPS**	(143,710)	(26,058)	0	0	0	(2,452)	0	(172,220)
At 31 March 2016	537,762	779,382	76,640	587,344	19,620	36,299	31,048	2,068,095
Depreciation								
At 1 April 2015	35,414	39,754	48,415	266,508	0	0	0	390,091
Depreciation charge	8,298	17,011	7,058	22,238	0	0	0	54,605
Depreciation written out on impairment	0	(60)	0	0	0	0	0	(60)
Derecognition - disposals	0	(47)	(10,691)	0	0	0	0	(10,738)
Depreciation written out to SDPS **	0	(1,136)	0	0	0	0	0	(1,136)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(35,414)	(25,780)	0	0	0	0	0	(61,194)
At 31 March 2016	8,298	29,742	44,782	288,746	0	0	0	371,568
Net Book Value:								
At 31 March 2016	529,464	749,640	31,858	298,598	19,620	36,299	31,048	1,696,527
At 31 March 2015	569,012	771,195	29,398	308,666	19,206	37,024	11,757	1,746,258

* RR = Revaluation Reserve

**SDPS = Surplus or deficit on Provision of Services

Notes to Group Accounts

Comparative information for 2014/15:

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	0	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

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.

Derivative Financial Instruments

Cardiff Bus enters into energy hedges to fix the price of fuel. At 31 March 2016, the company had no contracts to buy fuel.

9. Debtors

31 March 2015 Restated £000		31 March 2016 £000
53,976	Central Government Bodies	43,210
7,168	Other Local Authorities	13,278
4,883	NHS Bodies	4,691
38	Public Corporations & Trading Funds	34
25,963	Other Entities and Individuals	26,002
92,028	Total Debtors Net of Impairments	87,215

10. Cash and Cash Equivalents

This figure represents cash temporarily available for investment at balance sheet date and includes £2.596 million (£2.512 million in 2014/15) which Cardiff City Transport Services Ltd. holds in an escrow account against future insured liabilities. Cardiff City Transport Services Ltd holds £2.603 million (£2.519 million in 2014/15) in money market accounts that are not instant access.

11. Creditors

31 March 2015 Restated £000		31 March 2016 £000
(11,252)	Central Government Bodies	(13,498)
(6,576)	Other Local Authorities	(11,518)
(860)	NHS Bodies	(1,424)
(12)	Public Corporations & Trading Funds	(9)
(78,596)	Other Entities and Individuals	(60,842)
(97,296)	Total Creditors	(87,291)

12. Provisions

	Balance 1 April 2015 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2016 £000
Cardiff Insurance Provisions	(11,334)	5,533	(4,641)	(10,442)
MMI Scheme of Arrangement Levy	(704)	0	(162)	(866)

Notes to Group Accounts

	Balance 1 April 2015 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2016 £000
Cardiff Bus Insurance Provision	(2,865)	1,227	(740)	(2,378)
Termination Benefits Provision	(59)	59	0	0
Ferry Rd Landfill Provision	(9,096)	0	0	(9,096)
Lamby Way Landfill Provision	(16,993)	419	0	(16,574)
Other Provisions	(2,224)	1411	(1,020)	(1,833)
Total Provisions	(43,275)	8,649	(6,563)	(41,189)

	Not later than one year £000	Later than one year £000	Balance 31 March 2016 £000
Cardiff Insurance Provisions	(4,760)	(5,682)	(10,442)
MMI Scheme of Arrangement Levy	(297)	(569)	(866)
Cardiff Bus Insurance Provision	(1,070)	(1,308)	(2,378)
Termination Benefits Provision			0
Ferry Rd Landfill Provision	(69)	(9,027)	(9,096)
Lamby Way Landfill Provision	(3,586)	(12,988)	(16,574)
Other Provisions	(1,774)	(59)	(1,833)
Total Provisions	(11,556)	(29,633)	(41,189)

13. Deferred Liabilities

	Balance 1 April 2014 (Restated) £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2016 £000
Commuted Maintenance Sums	(8,241)	1,163	(525)	(7,603)
Cardiff Bus Finance Lease Liability	(4,014)	1,312	(3,788)	(6,490)
Total Deferred Liabilities	(12,255)	2,475	(4,313)	(14,093)

	Not later than one year £000	Later than one year £000	Balance 31 March 2016 £000
Commuted Maintenance Sums	(986)	(6,617)	(7,603)
Cardiff Bus Finance Lease Liability	(1,238)	(5,252)	(6,490)
Total Deferred Liabilities	(2,224)	(11,869)	(14,093)

Notes to Group Accounts

14. Adjust net surplus or deficit on the provision of services for non-cash movements

	2014/15 Restated £000	2015/16 £000
Depreciation, impairment & amortisation	(60,581)	(183,867)
Charges made for retirement benefits (IAS19) less employers contributions	(20,713)	(13,949)
Contributions (to)/from provisions	5,153	5,683
Gain/loss on disposal of Non-Current Assets	(1,589)	(11,710)
Cardiff Bus Taxation	(594)	0
Increase/(decrease) in stock	(515)	(108)
Increase/(decrease) in debtors (exc capital)	899	12,595
(Increase)/decrease in creditors (exc capital creditors) & super fund	(14,688)	4,925
	(92,628)	(186,431)

Adjust for items included in the net surplus/deficit on provision of services that are investing and financing activities

	2014/15 £000	2015/16 £000
REFCUS	(749)	(192,271)
Net gain/(loss) on sale of non-current assets	5,774	11,096
Repayments of liabilities under finance leases	0	0
Capital grants/contributions recognised in I&E	28,165	25,304
Other cash items which affect investing or financing activities	(11,478)	(22,627)
	21,712	(178,498)

15. 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.

During 2015/16, 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 – 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 - 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.

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 2016 have yet to be examined. This is to be undertaken in January 2017 which is within the statutory deadlines set.

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 2015 £	Income £	Asset Revaluation £	Expenditure £	Balance as at 31 March 2016 £
General Funds					
Llandaff War Memorial Fund	1,443	8	0	(11)	1,440
Maindy Park Foundation	78,095	265	0	(11)	78,349
Norwegian Church Preservation Trust	(105)	71,073	0	(71,073)	(105)
Further Education					
Cardiff Further Education Trust/ Craddock Wells	21,185,393	131,993	(213,799)	(248,677)	20,854,910
Total funds for which the Council is sole trustee	21,264,826	203,339	(213,799)	(319,772)	20,934,594
Other funds administered by the Council					
R Fice Memorial Trust	63,348	2,162	(3,731)	(2,168)	59,611
The Howardian Trust	29,695	934	(871)	(353)	29,405
Total other funds which are administered by the Council	93,043	3,096	(4,602)	(2,521)	89,016
Total	21,357,869	206,435	(218,401)	(322,293)	21,023,610

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 2016 have yet to be examined. This is to be undertaken in January 2017 which is within the statutory deadlines set.

Scope of Responsibility

1. The City of Cardiff Council (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 Cardiff Harbour Authority (Harbour Authority) is subsumed within the Council. The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund, Harbour Authority and CPHA. Within the Statement of Accounts, the Annual Return of the CPHA includes a corresponding Annual Governance Statement with additional supporting governance information. 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. During 2015/16 the Council did not review the governance arrangements in its three subsidiary companies, namely Cardiff City Transport Services Ltd. (Cardiff Bus), Cardiff Business Technology Centre (CBTC) and Cardiff Business Council. The subsidiary companies are subject to periodic reviews, and Internal Audit has scheduled a review of Cardiff Bus for 2016/17. Cardiff Business Council is due to close in 2016/17.

5. 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 Manager.

6. The CIPFA/SOLACE framework has been subject to consultation for revision, with the intention of building on the *'International Framework: Good Governance in the Public Sector'* (CIPFA/IFAC 2014). The International Framework places sustainable economic, societal and environmental outcomes as a key focus for governance processes and structures. It emphasises the importance of considering the longer term and the links between governance and public financial management. CIPFA has confirmed that the existing framework should be used for the purpose of the Annual Governance Statement (AGS) for 2015/16.

7. This statement explains how the Council has complied with the Governance Framework and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

The Purpose of the Governance Framework

8. 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.

9. 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.

10. 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

11. 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.

12. 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.

13. The Council approved a strategic and focused Corporate Plan in March 2015 for the period 2015 - 2017 setting out the strategic direction and providing a framework for more detailed service plans and performance management objectives. The Corporate Plan provides a road map for meeting the twin challenges of facing increasing demand for services from a growing population, whilst funding is reducing, to enable the Council to continue to deliver great public services with the vision to build on successes to become Europe's most liveable capital city. The four Corporate Plan priorities which have been maintained in the 2015 – 2018 Corporate Plan are identified as below to be delivered as part of the public service values of "open", "fair" and "together":

- Better education and skills for all;
- Supporting vulnerable people;
- Creating more jobs and better paid jobs;
- Working together to transform services.

14. Under each of these priorities sit a number of improvement objectives which set out the specific outcomes which the Council has agreed to focus on. In turn these improvement objectives have associated activities and performance indicators. This level of information will be used to evaluate the Council's performance in delivering both the improvement objectives and the agreed priorities. For each priority, improvement objectives have been established, with high level commitments and performance indicators identified for each improvement objectives

15. To ensure there is clear accountability for delivering each objective a Lead Member, or in some instances Members, are identified. The delivery of the revised Corporate Plan is monitored through the Council's Performance Management Framework, including:

- Performance Challenge sessions of the Council's Senior Management Team;
- Joint Cabinet and Senior Management Team Performance Challenge meetings;
- A Challenge Forum involving Members, Senior Officers and external peer support to challenge the Council's progress against its improvement journey and the delivery of the Corporate Plan.

16. Delivery against the What Matters outcomes is subject to an annual review, and the 2015 review was presented to the Policy Review and Performance Scrutiny Committee. In May 2015 the Policy Review and Performance Scrutiny Committee was asked to take overarching responsibility for scrutiny of the Council's partnership work, specifically scrutiny of the Cardiff Partnership Board (CPB). On publication of the Improving Scrutiny Project in September 2015, the transfer of responsibilities from a decommissioned Local Service Board Scrutiny Panel was agreed.

17. The Council's Constitution provides each of the Council's five scrutiny Committees with authority to scrutinise partnership activity within their terms of reference, and so, complementing this Committee's strategic overview of partnership activity, all Council scrutiny committees will continue to factor scrutiny of relevant What Matters work streams into their forward work programmes.

18. The CPB is the successor to the Cardiff Local Service Board, set up in 2007 as part of a Welsh Assembly Government initiative across Wales. The CPB consists of South Wales Police, South Wales Fire & Rescue Service, The City of Cardiff Council, Cardiff Third Sector Council, Cardiff and Vale University Health Board, the National Probation Service, Wales Community Rehabilitation Company and Natural Resources Wales. The CPB strengthens local public service management to tackle 'fundamental and unmet' challenges from a citizen perspective. To achieve this, the Board is responsible for overseeing the performance of city-wide programmes and work streams to address major issues in Cardiff.

19. The Well-being of Future Generations Act (which comes into force from April 2016) is to ensure that the governance arrangements in public bodies for improving the well-being of Wales take into account the needs of future generations. The aim is for public bodies to improve the economic, social and environmental well-being of Wales in accordance with the detailed sustainable development principles and well-being goals that are prescribed by the Act.

20. From April 2016 the CPB will become a statutory Public Service Board and its work will contribute to achieving the seven well-being goals for Wales. The Well-being goals for Wales align well with Cardiff's seven citizen outcomes, providing an opportunity for our strategy to not only deliver those priorities that will improve quality of life in Cardiff, but also make a contribution towards the seven Well-being goals for all of Wales as follows:

- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;
- A Wales of cohesive communities;
- A Wales of vibrant culture and thriving Welsh Language;
- A globally responsible Wales.

21. Since the publication of the first What Matters Strategy in 2010 there has been an increased recognition that local areas are best placed to respond to local need. Within Cardiff the Neighbourhood Partnership model has become significant in providing a coherent structure for allowing organisations to work together and problem solve within localities to deliver the priorities for different communities. The Building Communities – A New Approach to Neighbourhood Working White Paper was published in 2013 and facilitated improvements to the existing model by strengthening local engagement, including the identification of a 'Lead Elected Member' to work with other elected members and partners to agree priorities set out in each of the six Neighbourhood Partnership Action Plans.

22. Neighbourhood Partnership teams exist in each of the six localities across Cardiff and are made up of multi-agency staff working together to share local intelligence to solve problems for their particular neighbourhood. This means that a range of expertise from across the public and voluntary sectors is brought to bear on the issues that really matter to communities. The initiative has increased partners' awareness and understanding of their respective roles and activities, leading to more collaborative and responsive working. It has also redefined the conventional way of working by concentrating on bringing decision-making and resources closer to communities through a model tailored specifically to Cardiff.

23. The model, in addition to being successful in delivering tangible improvements in each neighbourhood has helped shape the work of some of our delivery programmes such as Families First, Communities First, Flying Start and Youth Engagement Panels to target our resources where they are needed most to support a preventative approach, reduce duplication of provision and identify gaps in service. This approach has also been embraced by other partners, and NHS primary and community care services are organised into 6 matching clusters with a GP lead for each. Clusters provide an easily recognisable level of aggregation of GP practices and Cluster Plans address population health priorities, reflecting issues specific to the area and the actions required to be taken forward with partners to provide improved outcomes.

24. 'Joined-up' thinking and cutting across the traditional lines of responsibility for service funding and provision, has also encouraged some of our core services to take an area based approach and ensure that services are being delivered to those most in need. Cardiff's Community Hubs are an example of locality based partnership working and have delivered tangible benefits to meet identified needs within communities. Building on this model will ensure that the diverse needs of Cardiff's population continue to be met.

25. Neighbourhood delivery is influencing the way in which services are being redesigned such as waste collections, street cleansing and highways maintenance. New multi-skilled teams are now developing a neighbourhood approach to tackling different issues and needs and this approach is already leading to increased financial savings and improved satisfaction through increased efficiency. Neighbourhood delivery has formed a part of the consideration for alternative models of service delivery.

26. The Executive adopted a Community Councils Charter ("the Charter") in March 2012, following consultation with relevant stakeholders, including the six Community Councils within the Council's area and the Standards and Ethics Committee. The Charter reflects the model Charter issued by the Welsh Government under section 130-133 of the Local Government (Wales) Measure 2011. The aim of the Charter is to support structured, regular engagement and communication between the County Council and the six Community Councils in Cardiff, based on the key principle of equality of partnership between the two tiers of local government.

27. In June 2015 the Cabinet reaffirmed its commitment to the aims of the Charter; and delegated authority to the Monitoring Officer (in consultation with the relevant Cabinet Member, the Standards and Ethics Committee and the six Community Councils), to update the Charter for authorisation by the relevant Cabinet Member. Discussions have been held with the Clerks of the six Community Councils and the Monitoring Officer has produced a revised draft which was presented to the Standards and Ethics Committee in December 2015.

28. The City Deal for the Cardiff Capital Region has also made good progress, with the Council and nine other participating local authorities currently working on proposals to support investment in infrastructure and skills development across the city-region. Underpinning the proposals is a £1.229bn fund. The projects which will have the biggest impact on the city-region economy will be prioritised. Supporting this, new governance arrangements were established at the end of the 2015/16 financial year, including a Joint Cabinet made up of the Leaders of the ten local authorities to oversee investment across the city-region.

29. The Council recognises the need to change the way it delivers many services to ensure that their long term sustainability is secured and that underperformance in some statutory services is addressed. In order to do so, a rolling three year Organisational Development Programme has been established to:

- Review the shape and scope of the organisation and the way in which services are currently delivered to meet demand;
- Enhance citizen engagement and widen opportunities for people and communities to shape services around their needs;
- Identify delivery models that may be established to meet demand pressures and reflect budgetary realities;
- Significantly strengthen performance management, workforce development and staff engagement arrangements;

- Identify opportunities for further efficiency savings through better internal and external collaboration, integration of service delivery and better use of assets and infrastructures.

30. 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 together with local indicators which will enable a wider understanding of performance. 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 Delivery Plans and Personal Performance and Development Plans. Performance against the Council's targets and objectives are reported publicly on a quarterly and annual basis.

31. The Corporate Plan and Directorate Delivery 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.

32. Enhancements were 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 Improvement Boards chaired by the Chief Executive for each Directorate.

33. 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.

34. The Corporate Assessment Follow On report issued in February 2016 by the Wales Audit Office has made proposals to further strengthen performance management and performance reporting arrangements to enable further enhancements to processes.

35. 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

36. 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.

37. 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:

- Functions and subsections delegated to officers;
- 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.

38. 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 for Wales 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.

39. 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.

40. The Annual Improvement Report 2014/15 was approved by the Council in October 2015 and incorporated several proposals for improvement raised by the Auditor General which have been instigated, including ensuring:

- actions and targets support the delivery of, and determine progress against the improvement objectives;
- baseline data and targets are included for all improvement objectives;
- comparative data is represented for all performance indicators and is consistently presented;
- progress against the Outcome Agreement is presented to support the explanation of progress against the improvement objectives;
- an assessment of performance for each of the improvement objectives is provided;
- performance indicators have a target and that where targets have not been set that there is an explanation

41. The Council has responded positively to the findings of the Corporate Assessment in 2014, of the Wales Audit Office and put in place better arrangements to support improvement and address longstanding issues. The Corporate Assessment Follow On, issued in February 2016, concluded that: 'The Council has put in place better arrangements to support improvements and to address longstanding issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes'. This progress is made against the 2014 report concluded that 'fragmented leadership and management have meant that weak performance in key service areas has not improved'.

42. The Budget Strategy for 2016/17 and the medium term was approved by Cabinet and Council in July 2015. It set out how the Council's Aggregate External Finance (AEF) was decreased by £12.516 million or 2.9% in cash terms over 2014/15, and when measured on a per capita basis resulted in Cardiff being ranked as 21 out of the 22 councils in relation to the per capita funding it received from the Welsh Government.

43. In response to increasing financial pressures, an updated approach to identifying savings targets was acknowledged in the 2015/16 Budget Report in consideration of the future shape of the Council. This was taken forward as a Reshaping the Base Budget exercise. The exercise identified services at the minimum statutory level and considered whether discretionary services could be covered by income. The difference between this picture and the current shape of services highlighted the opportunities for budget reductions over both one and three years against the following four savings drivers:

- Policy led savings;
- Business process efficiency savings
- Discrete Directorate led savings;
- Income / commercialisation.

44. A robust budget setting process was developed to deliver a balanced budget for 2015/16, given the scale of the Budget Reduction Requirement. This required the use of a number of positive practices, including:

- Setting budget strategy planning assumptions for both one and three years. This led to earlier engagement on choices in respect of council tax, employment costs, schools pressures and balance sheet assumptions;
- High level consideration of savings proposals against the Council's proposed target operating model as part of Budget Strategy development;
- Use of market place sessions for members to review the budget proposals for 2015/16, with budgetary analysis sheets provided for context;
- An extensive engagement exercise with citizens, business, partners and staff through The Cardiff Debate;
- An eleven week consultation process on the proposed savings for 2015/16 including the preparation and consideration of an extensive feedback report for Cabinet to consider;
- A due diligence process on the proposed savings, which resulted in a number of savings being removed or reduced due to concerns in respect of their achievability;
- A future year's outlook section up until 2029/30 being included in the Medium Term Financial Plan (MTFP);
- The inclusion of opportunities for further savings in respect of 2016/17 and 2017/18 in the Budget Report.

45. The Council's Budget for 2016/17 was presented to Cabinet in February 2016. The Final Local Government Settlement is usually received in December of each year providing the Council with a firm figure of Aggregate External Finance (AEF) for the forthcoming financial year. However, Welsh Government did not provide the Final Local Government Settlement until February 2016. This caused some uncertainty, which was managed through regular consultation with the Welsh Government and prudence in the budget setting process.

46. The Corporate Plan 2016-2018 was approved by Cabinet in February 2016. To ensure clear lines of accountability, the Corporate Plan is structured around Cabinet portfolio responsibility. It is supported by individual Directorate Delivery Plans which contain detailed objectives and outcomes and 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.

47. In January 2015, Cabinet 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. The proposed restructure was supported by Hay Group benchmarking analysis which compared the management structure of Cardiff Council with other Core City Councils and a selection of other Unitary/City Councils of a similar size (in terms of population).

48. The subsequent restructure reduced the number of Director (Tier 1) posts from eleven to seven. It involved the creation of three new roles, namely the Director of City Operations, Director of Social Services and Director of Governance & Legal Services (reporting to Corporate Director Resources). Appointments were made to these roles in June 2015. Throughout the financial year (2015/16) a number of Tier 2 (Assistant Director) posts have been filled, in creating a remodelled management structure which is closer aligned with the benchmark Unitary/City Councils.

49. 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.

50. 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 reviewed the draft policy which was also shared with Audit Committee members. Measures have been undertaken to make all officers aware of the new policy, including providing awareness information enclosed with payslips.

51. Under the policy, staff are required to disclose any personal interest which actually or potentially conflict with their duties to the Council 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, which may include the re-allocation of duties.

52. 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 issues 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.

53. The Corporate Director Resources is the Council's Section 151 Officer with overall responsibility for the financial administration of the Council. Additionally, a Head of Finance has been appointed in 2015/16 in order to strengthen financial control. 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).

54. 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.

55. 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 (FPR) and the Contract Standing Order and Procurement Rules (CSO&PR). Both the FPR and CSO&PR are in a process of review to ensure an appropriate balance between financial probity, compliance and effective and efficient operations in forthcoming revisions. It is anticipated that the revised rules will be in place by the end of 2016/17.

56. 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

57. 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.

58. 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. A Member Enquiry System logs Member enquiries and the responses from Officers.

59. In April 2015, the Standards and Ethics Committee was presented with a report on the revised guidance on member code of conduct. This revised Guide provides an overview of the Model Code of Conduct (“the Code”) introduced in 2008. It is intended to help members understand their obligations under the Code. The Ombudsman reinforces the importance of member training on the Code whether by the Monitoring Officer or from a representative body.

60. The Corporate Assessment Follow-on, issued in February 2016, recognised the Council’s governance arrangements, such as the ‘Cardiff Undertaking’ for Members, which sets out expectations in relation to conduct, in addition to the ‘10 Principles of Public Life’. However, it has been concluded that the Standards and Ethics Committee could do more to visibly enforce the principles of the Cardiff Undertaking.

61. The Audit Committee was established under the Local Government Measure (Wales) 2011, the key function of the Committee is to review, 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 and a full induction programme is provided to all members. There have been vacancies with 1 elected and 1 independent lay member being unoccupied for much of the municipal year 2015/16. In June 2015, Sir Jon Shortridge stepped down as Chairperson of the Audit Committee. Ian Arundale was elected as Chairperson, with Professor Maurice Pendlebury appointed as Deputy Chairperson. Both the Chair and Deputy Chairperson of the Audit Committee are independent lay members.

62. 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.

63. The Audit Committee has participated in a response to the Draft Local Government (Wales) Bill Consultation in February 2016, which will see the Committee change name to Governance and Audit Committee and a widening of responsibilities. The Monitoring Officer has presented the requirements of the draft bill to the Audit Committee and consideration will be made in 2016/17 as to the most opportune time for potential early adoption of the Bill.

64. All staff undertake induction training which provides information on a range of policies, procedures and regulations including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security.

65. 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).

66. An Anti-Fraud Bribery and Corruption Policy and a Money Laundering Policy and Procedure were approved by Cabinet in June 2015 following consideration by the Audit Committee in March. The policy

review has been supported by a mandatory fraud training programme, developed to ensure consistently high professional standards within fraud investigating activities and application of the policy. All Investigating Officers will be required to receive mandatory fraud training. Developments have been made within the DigiGOV system to enhance the availability and visibility of investigation records and to improve the timescales of actions.

67. Cabinet approved the revised Disciplinary Policy in January 2016, following a detailed review involving key stakeholder groups, with a view to streamlining the current procedure, improve efficiencies and ensuring a standardised process. New elements of the policy include the provision of a twenty four hour, seven day a week counselling support service via the Employee Assistance Programme and a new Fast Track process, to promptly modify behaviour around misconduct issues. The main aim of the Disciplinary Policy is to improve an employee's performance or correct their behaviour. However, grievance procedures are in place for issues or problems to be raised concerning their employment. Workplace investigations, as part of Grievance or Disciplinary Procedures are designed to enable quick, cost-effective resolution to problems in the workplace.

68. 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 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.

69. In 2014, an Information Governance Strategy was approved and adopted, which includes a suite of Information Governance Policies setting out the responsibilities of the corporate body and staff. These policies, which are subject to annual review, 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.

70. The Information Governance Training Strategy sits alongside the Information Governance Strategy to ensure that all staff receive training in respect of their employment within the Council in addition to 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 who 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 are provided with a booklet which sets out the Council's Policies and outlines their responsibilities. They are required to attend a briefing session and sign for receipt of 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.

71. 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. The reports were implemented during 2015/16.

72. 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

73. 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.

74. All decisions taken by Members are on the basis of written reports by officers which include assessments of the legal, HR 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.

75. To assist with the evaluation of alternative delivery models being considered by the Council as part of its Organisational Development Programme, a Corporate Alternative Delivery Model (ADM) Evaluation Methodology was developed by the Commissioning and Procurement Service. This methodology has been approved by the Commissioning Programme Board and reviewed by Informal Cabinet and the Council's Policy Review and Performance Scrutiny Committee. The methodology, together with the other elements of the options appraisal process, has also been subject to external challenge and review by Local Partnerships and has also been subject to consultation with the Trade Unions which has included a series of meetings and workshops. The methodology was piloted throughout the 2015/16 financial year and notably on the Infrastructure ADM.

76. Organisational Development (OD) programmes and projects are an essential mechanism for delivering a robust approach to enabling business change. The Project Quality Assurance (PQA) approach (based on the principles of PRINCE2) is the framework adopted by the Council. This provides an effective framework for planning, monitoring and delivery of projects demonstrating probity, accountability and transparency. Internal Audit has engaged with OD management, and developed a Control Risk Self Assessment (CRSA) audit approach which is being used to provide assurance on a range of projects at varying stages in their lifecycles.

77. The Organisational Development Programme (ODP) has robust and effective governance arrangements in place. In 2015/16 appointments were made of two Operational Managers who each have a portfolio of responsibility. These Operational Managers commenced in April and August 2015 respectively. The due process is for all new programmes as part of the ODP to be approved by SMT, with individual projects approved by their respective boards. Additionally, the Investment Review Board (IRB) approves all programmes and projects for which there is a financial implication. Senior Management Team (SMT) acts as the Organisational Development Board and receives monthly updates. Key risks are reported to SMT, as and when required, and 'deep dives' take place on requested projects to provide SMT with an update of progress.

78. The ODP has two portfolios of work; i) Enabling and Commissioning Services (Led by the Corporate Director Resources) and ii) Reshaping Services (Led by the Director of Communities, Housing and Customer Services). Each portfolio has its own Programme Board that meets on a monthly basis to review each project within its respective programme. The Investment Review Board is also provided with updates on specific projects as and when required. Additionally, an annual review of the ODP is undertaken and reported to members and SMT. It has been recognised that there is the opportunity to develop more explicit links between the Medium Term Financial Plan and the OD Plan, given that it is a key driver for reviewing the shape and scope of services within available budgets.

79. Scrutiny Services plays 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. 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. 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.

80. The Council's Scrutiny Committee Work Programmes for the municipal year 2015/16 were 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.

81. 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. 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.

82. 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.

83. The Council has collaborative scrutiny arrangements with its partners. Examples include the Prosiect Gwyrd five Council Joint Scrutiny Committee, the Shared Regulatory Services Joint Committee and the Glamorgan Archives Joint Committee.

84. 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. This Improving Scrutiny Project has concluded, with actions approved by Committee Members.

85. 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.

86. Scrutiny Services and Internal Audit have collaborated in the development of a Scrutiny and Audit Protocol. This is in recognition that, with a limited Scrutiny and Audit resource, there is an increasing need for engagement and cooperative working in order to maximise collective assurance. The protocol addresses issues arising from the Wales Audit Office Annual Improvement Report including the Corporate Assessment 2014 relating to agenda management, the inefficiencies of reports being presented to multiple Committees and detailed reports being presented for information only. It is anticipated that this protocol will be approved in the beginning of 2016/17, which aims to:

- clarify the purpose and objectives of Audit and Scrutiny Committees;
- provide detail of which Committee is responsible for certain key roles;
- facilitate sharing of information and work programming;
- outline the option to refer matters between Committees;
- facilitate Committee engagement at Member and Officer levels.

87. Following the Organisational Development Plan report to Cabinet in May 2014, the Chief Executive instigated the Cardiff Manager Programme, which has been rolled out and delivered to over 300 middle managers across the Council. The programme delivered 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 which continued through 2015/16, with positive feedback from attendees. A wider roll out of the training programme will commence from May 2016.

88. For several years each Director has been asked to complete a Senior Management Assurance Statement (SMAS), with responses reviewed by the Audit Manager. The statements received contribute to ongoing reviews of governance and risk management.

89. The purpose of the SMAS exercise is to provide a true reflection of the governance arrangements in place within the Council. Good governance ensures that as a Council we are open and transparent in our affairs and any areas which are of concern at a corporate level are identified and managed.

90. Completion of the SMAS requires each Director to respond to a number of statements with regards to the functions for which they have been responsible during the financial period. In addition, there is a requirement to declare if any significant governance issues have occurred during the period, which may merit inclusion on the Annual Governance Statement Action Plan, in addition to providing updated comments on four ongoing significant governance issues.

91. In 2015/16 the SMAS pro forma was refreshed to require Directors to provide examples and comments in support of their responses. Audit Relationship Managers have met with their respective Directors to discuss SMAS responses. This involved attendance at many Directorate Management Team meetings where Directorate responses were discussed, challenged where appropriate and collated. A Chief Executive Assurance Statement has also been developed and introduced to ensure a complete set of assurance statements from Senior Management at the year end position.

92. 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 2015/16. 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.

93. In recent years, the Audit and Risk Manager role had been undertaken through a job share arrangement, which in May 2015 became a part-time post as a result of one retirement in May 2015. The remaining post holder of Audit and Risk Manager retired on 31 March 2016. This has presented an opportunity to reassign risk management responsibilities outside of Internal Audit and to strengthen the independence and objectivity of the Internal Audit function. The Head of Finance has taken on the responsibility for leading on risk management, supported by a small dedicated team, enabling the Internal Audit function to focus on risk management assurance and other core elements of its role.

94. Efforts have been made to contribute to the formal definition and communication of Cardiff Council's risk appetite. A risk appetite review has been prepared and completed by the Senior Management Team and the Risk Management Steering Group. In the current economic climate, the Council is required to make decisions which contain increasing inherent risks, and the senior management team have consistently recognised this need. The establishment of a formal risk appetite will support officers and Members in the application of the existing risk management framework. It will support them in their decision making considerations and rationale, and help to provide a balance between consideration of opportunities for innovation and change and risk exposure. Work is ongoing, and a position paper will be provided to Cabinet in 2016/17 to seek formal approval of a corporate risk appetite.

95. During the financial year the Risk Management Steering group has created a draft partnership and collaborative working protocol and toolkit, to provide a consistent and practical approach to considering the viability of, and risk management arrangements in, partnership and collaborative working arrangements. Work is ongoing to finalise the document through the Risk Management Steering Group.

96. 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. Audit Committee members were also provided with risk management training during the year.

97. 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.

98. 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.

99. 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

100. 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.

101. 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.

102. As part of a Governance and Member Engagement Programme Board supporting the Enabling and Commissioning Organisational Development portfolio a number of activities have taken place in the financial year 2015/16 in order to enhance member development, and support the upholding of high standards of conduct and behaviour including the introduction of appraisals for all Committee chairs and executive members.

103. Following an all Member survey in January 2014, the Democratic Services Committee established a Task and Finish Group with a remit to develop and deliver a Member Development Strategy. This Strategy provides a framework for ensuring Members are provided with a full range of development opportunities to enable them to effectively carry out their many roles as Community Leaders and representatives of the Council. In July 2015 Members approved the Member Development Strategy for 2015/16. The adoption of the Member Development Strategy and Member Charter supports the importance of Elected Member development and appraisal programmes and in particular supports Senior Councillors on their roles and responsibilities.

104. The Democratic Services Committee has approved the use of the WLGA Continuing Professional Development for Councillors Competency Framework in order to inform the preparation of the 2015/16 Member Development Programme. The framework sets out the range of skills and knowledge required by Members. It provides a 'curriculum' of areas that authorities can consider when developing local strategies on Member Development including generic and specific competencies. Many of these competencies form part of the key themes identified in the Member Development Strategy.

105. The Council has joined the All Wales Academy for Local Government is a collaboration of Local Authorities, Welsh Local Government Association, Wales TUC and Skills for Justice. It is an e-learning site available in English and Welsh to all 22 Local Authorities with 24/7 access for Local Government staff and Elected Members which has just been launched.

106. A task and finish inquiry was led by the Council's Scrutiny Committee Chairs as part of the 2015/16 Improving Scrutiny Project. This work in partnership with the Centre for Public Scrutiny aimed to ensure that Cardiff's Scrutiny Function remains agile and able to play its role as a critical friend, in a future environment that will see greater emphasis on partnership, collaboration, commissioning and other alternative models of delivery.

107. The Chairs have delivered on this project plan, and summarised their findings in a draft report. In the report the Chairs set out a series of actions to directly address four areas of concern about governance issues raised by the Wales Audit Office in their September 2014 Annual Cardiff Improvement Report on Cardiff Council following their Corporate Assessment visit. Committee Member access to information has been enhanced through the launch of the Modern.Gov platform in June 2015, giving Members access to a wider range of opportunities to access information about the Council and public policy in Wales. The Members' Online Library is available from the Council's website. Additionally, an Audit Committee Member site has been created to enable access to audit related information, reports and other publications.

108. The Corporate Assessment Follow On, issued in February 2016, recognised the development of a more engaged culture and good Member and officer commitment to attending and engaging in full Council meetings. It was reported that more variable Member engagement and attendance was observed at Scrutiny Committee meetings, the Leader's meetings with opposition leaders, the Challenge Forum, Member Training and Member Briefing sessions. It was also reported that some roles and responsibilities within the Council's decision making framework require clarification.

109. The Council operates a Personal Performance and Development which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Development Reviews are also in place and seen as a means to help Members update their knowledge and learn new skills to help them to be more effective in supporting their communities.

110. 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.

111. 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.

112. In some areas compliance with Council rules has been identified an issue and training has been delivered to Managers in those areas and continues to be offered on an ongoing basis. A Risk Management training workshop was delivered to a Directorate Management Team upon identifying compliance gaps and training sessions are also delivered on Financial Procedure and Contract Standing Orders and Procurement Rules where needs are identified.

Engaging with local people and other stakeholders to ensure robust public accountability

113. 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.

114. 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.

115. The Cardiff Debate was launched with partners in June 2014 as a three year 'conversation' about the future of public services in Cardiff. 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.

116. For the 2016/17 budget consultation 3,348 people recently completed a 'Changes for Cardiff' questionnaire and public views were also given via petitions, social media, attendance at 'drop-in' public engagement events, and through correspondence. The survey included 49 questions specific to the budget proposals plus demographic monitoring information. Of these, 20 were qualitative questions allowing the public the opportunity to explain any specific reasons for their opposition to proposed

changes or provide additional commentary regarding local services. The consultation ran for more than four weeks and included 20 community engagement events, a youth council event, an online questionnaire, a video, social media promotion and hard copy questionnaires distributed across the city.

117. The Council webcasts Council and Planning Committee meetings, which can be watched live, or viewed retrospectively, via the library of webcasts which are available online from September 2015 to date. Relevant documents or presentations discussed can additionally be downloaded. 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 are made, whilst also giving the public the chance to feedback on items being discussed.

118. 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.

119. 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.

120. 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.

121. The system 'Modern.gov' was implemented in November 2014 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 and is publically accessible.

122. 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.

123. The Council publishes a newsletter 'Capital Times' which is distributed six times a year on alternate months to 150,000 homes in Cardiff and all council buildings providing up to date information on the Council's vision, priorities, news and events.

124. Performance against the Council's targets and objectives is reported publicly on a quarterly and annual basis.

125. 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.

126. 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.

127. The Council's Ambassador Network continues to grow with over 130 employees at all levels from across the Council helping to take forward the Employee Engagement agenda. In addition 'Have Your Say' sessions have been introduced as a response to employees' preference for face to face communication. The Employee Survey, launched in May 2015, provides an opportunity to better engage with and understand the needs of employees going forward.

128. The Council regularly engages in consultation with the Trade Unions. Consultation with Trade Unions has taken place through 2015/16, particularly with regards to budget saving proposals. The Partnership for Change Agreement was signed off as part of the Council's final budget setting at Council on 26 February 2015. The agreement sets out details of the joint partnership approach between the Council and Trade Unions in relation to budget savings for 2015/16 on the basis that the Trade Unions did not wish any impact on employees' terms and conditions.

129. Progress has been made as part of this agreement, laying the groundwork to address the difficult challenges ahead around how, irrespective of any service delivery models agreed, the Council will jointly address the continuing budget savings required whilst reducing operating costs, improving performance and improving customer satisfaction.

130. A Joint Partnership Board has been established to support the reform agenda. The Terms of Reference and proposed dates for fortnightly meetings were agreed in February 2015 to ensure that partnership working is supported and that 2 way communication is maintained between the Council and Trade Unions on key planned and emerging issues.

Review of Effectiveness

131. The Accounts and Audit (Wales) Regulations 2014 requires Councils to carry out an annual review of the effectiveness of the system of internal control. This is informed by:

- The senior managers within the Council 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

132. On a biannual basis, 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.

133. A Chief Executive Assurance Statement has also been developed and introduced to ensure a complete set of assurance statements from Senior Management at the year end position.

134. Building on previous work of the Annual Governance Statement 2014/15, Internal Audit following year end will facilitate an update of the 'Significant Governance Issues'. The Chief Executive and 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.

135. 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

136. During a period of unprecedented financial challenge and stretched resources, providing Council wide assurance is becoming a challenge. This is being managed through an assurance mapping process. The Audit Manager has created a panel of audit management, who are responsible for the delivery of an ongoing assurance map and to assist with risk based audit planning.

137. The assurance map begins with the contents of the corporate risk register, senior management assurance statements and significant governance issues arising from the annual governance statement. The outputs of different sources of assurance are populated on the assurance map, utilising a three lines of defence model. This model considers the assurance gained from management / internal controls, inspection / regulatory / compliance activities and the work of external audit.

138. During a time of limited audit resources, with a strong ongoing need for audit assurance, the assurance map considers the work of others in providing assurance in relation to governance, risk and internal control matters. This is used to shape Internal Audit priorities and impact on the work and timing of the Internal Audit Team, to avoid duplication and ease pressure on Directorates, who may be subject to both internal and external assurance reviews.

139. Sources of assurance have been mapped and collated to inform this annual governance statement, through a review of key information presented to Cabinet and Committees of the Council. The aim of the exercise is to ensure that key sources of assurance are captured in this statement.

External Audit and Inspection

140. The Council is subject to Statutory External Inspections by various bodies including the Wales Audit Office, ESTYN and Care and Social Services Inspectorate Wales.

141. 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.

142. During the financial year 2015/16 the Wales Audit Office completed the Corporate Assessment Follow On of the Council. The follow-on assessment reviewed the extent to which the Council was effectively addressing the issues raised in the Corporate Assessment where in September 2014 it was concluded that 'Fragmented leadership and management have meant that weak performance in key service areas has not improved'.

143. The follow-on review concluded that 'The Council has put in place better arrangements to support improvement and to address longstanding issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes.' It was reported that the Wales Audit Office came to this conclusion because:

- 'overall, the Council has responded positively to the Corporate Assessment findings, and put better arrangements in place to support improvement and address longstanding issues; and
- the Council is now at a critical point in ensuring that improved arrangements are embedded and implemented consistently and constructively across the organisation in order to achieve a step change in delivering improved outcomes.'

144. A tracker system has been introduced to monitor external regulator reports and Council actions in respect of relevant recommendations and proposals for improvement.

Internal Audit

145. Based on the programme of audit and investigatory work undertaken, and contributions to preparing some of the key governance documents e.g. the Corporate Risk Register and Annual Governance Statement, it is considered that the overall framework for financial control within the Council for 2015-16 remains satisfactory. This opinion has taken into consideration the existing complement of audit posts and focussed on priority areas and identifying productivity improvement opportunities as they arise through improved performance management.

146. It is becoming increasingly difficult to provide a satisfactory opinion, as whilst the financial control framework remains robust, audits continue to highlight system weakness in some areas and / or compliance issues which identify further opportunities to enhance control. There is a huge pressure on budgets and inevitably there are significant cuts being made to posts at a time where demands are steady or increasing and there is an appetite for change which brings with it new challenges and risks that needs to be managed.

147. It is noted that there has been an increase in the percentage of audits completed where a "Limited or No assurance" opinion was provided, which it is felt reflects to a degree, the pressure on resources across directorates, to maintain a sound control environment while struggling to retain efficient and

effective services and deliver the change agenda. This requires regular monitoring and reporting with key themes identified and targeted.

148. In addition to this general pressure on resources, areas of particular concern have been highlighted in quarterly progress reports presented to the Section 151 Officer and Audit Committee, and include:

- The Control Risk Self-Assessment approach has been a major step forward in gathering evidence to support sound governance, risk management and control arrangements and has been well received. The approach was used for all school audits undertaken in 2015/16, and has been rolled out for the audit of a number of fundamental systems. In schools it has provided an overview of key governance issues and in some individual schools follow up visits have identified some significant weaknesses in different aspects of governance and financial control. This continues to be closely monitored and the Group Auditor meets regularly with the Director of Education and now attends School Budget Forum. Audit also inputs to Head teacher briefings.
- Work on contracts has identified concerns over contract management skills as new ways of operating are being explored. Some Social Service audits highlighted some contract related matters and how these need addressing given the significance of the contract sums.
- In some audits it was evident that there was a lack of work instructions and process mapping to capture how procedures and systems operate. This was highlighted because of the potential impact, with a number of experienced staff leaving, stressing the need for proper documentation to ensure remaining and any new staff consistently follow tried and tested systems which should comply with Council rules and policies.

149. On a positive note the opportunity for Internal Audit to provide training on risk management and internal control as part of the Cardiff Manager programme to over 300 middle managers in 2015/16 is seen as a major step forward in raising awareness with managers around key areas of governance and has helped clarify and set out their responsibilities for leading on compliance

Audit Committee

150. At the strategic level, based on the evidence presented to the Audit Committee during 2015/16, 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 2016/17, include:

Organisational Development Programme

151. The Organisational Development Programme (ODP) has been discussed at Audit Committee meetings in 2015/16. This is with the clear recognition that delivery against the Organisational Development Plan is being monitored and challenged by other Committees (namely the Policy Review and Performance Scrutiny Committee).

152. Although some assurance can be placed on the work of Scrutiny, the Audit Committee has expressly noted that the importance of this programme of work for the Council on its improvement journey. The programme has a key role in moving the Council towards its new shape and is acknowledged as a critical savings enabler.

153. At a time when Audit Committee has continued to challenge the budget position when faced with unprecedented financial pressure, the recently issued Corporate Assessment Follow On report from the Wales Audit Office has highlighted a need for a clear link between Medium Term Financial Plan savings plans and work streams or projects in the ODP.

154. Audit Committee will reflect on the comments raised by the Wales Office, and will seek assurance from relevant management and through the work of Internal Audit, that the ODP is clearly aligned to and monitored against critical business objectives. In the forthcoming year, Audit Committee intends to invite the Leader and Chief Executive to attend and answer questions related to the Corporate Assessment Follow On.

155. In recognising the critical importance of the ODP to the Council, Internal Audit has initiated a Control Risk Self-Assessment (CRSA) approach to auditing an initial pilot of ODP projects and regular engagement with Management in the OD Team. Audit Committee anticipates the findings of Internal Audit and the ongoing assurance from the roll-out of the audit approach throughout 2016/17.

Financial / Internal Control

156. The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services in the future. The Committee continues to receive regular updates from the Corporate Director Resources and other senior managers to seek assurances around governance and fundamental financial control.

157. Audit Committee receives regular reports in respect of the budget, treasury management and financial resilience. A key enabler for meeting severe financial pressures is reforming and redesigning services. There is a clear need to ensure strong internal controls are integrated within new or reformed processes and systems. At a time when many decisions have to be finance driven it is essential that internal controls are not neglected or impaired in the use of public monies.

158. Over 2015/16 there has been an increase in limited or no assurance audit reports from the Internal Audit Section. This is a concern that will require regular review by the Audit Committee, particularly when some isolated functions have repeatedly failed to maintain the required standards of internal control. The number of such reports is not yet at a level of significant concern, but the trend of limited assurance being reported has captured the attention of the Audit Committee. In instances where improvements are not promptly made we will be inviting those accountable to attend Audit Committee and explain the reasons for control weaknesses and to provide a firm commitment to improvement. This is with strong support and commitment from the Chief Executive to support management and the Audit Committee in driving improvements.

Contract and Procurement Matters

159. Through a number of Internal Audits completed this year a consistent weakness has been contract management and performance monitoring. Some areas of the Council such as Social Services rely heavily on commissioned services for certain aspects of their services and spend a significant amount of money on this purpose. Internal Audit reports are regularly reporting limitations to assurance on the basis of a lack of clear contracts for high value spend and instances of lapsed contracts, in addition to weaknesses in contract management where contracts are in place.

160. The Building Maintenance Framework contract involves a significant amount of spending with a limited number of contractors for services under different lots. For some time, Audit Committee members have identified and raised concerns about the cost effectiveness and quality of work carried out by contractors within the current Framework. This has been based on Member observations of elderly and/or vulnerable tenants receiving substandard work or delays from contractors and sub-contractors. Some of these delays have been significant i.e. for weeks if not months. Many Members have also reported poor communication and situations where tenants have been left waiting in their homes all day for services which were not received when arranged.

161. Members have sought assurances that the quality of the work would be monitored more closely in future and welcomed the commissioning of the independent review by Constructing Excellence Wales (CEW). Far from being dismissive of concerns, the report echoed members' concerns and made a series of recommendations such as a Building Maintenance Project Board, which includes a Principal Auditor, to develop a series of actions and targets to address all the highlighted issues.

162. A presentation by the Assistant Director Housing and Communities and the Senior Category Manager (commissioning and Procurement) was made on the Building Maintenance Framework in November 2015 and the reasoning behind the five contract categories explained. With the help of OMs in Facilities Management and Community Maintenance, the Committee received a detailed explanation of the CEW remit, its findings and the resulting action plan. Members have raised observations and the expectation that updated processes and standardisation will ensure effective management of contractor performance. This needs to be enabled through embedding clear and accessible processes to raise

concerns, issues or feedback which are consistently and transparently managed and responded to in a timely manner. Improvements are needed in monitoring and accountability to ensure that quality, time and cost issues are identified and rectified promptly, with lessons learnt from the existing framework and external (CEW) review and with contractors held to account for substandard performance through enactment of contractual terms and clauses. In November 2015, Audit Committee Members welcomed a communication from management involving the introduction of 'mini-tendering' within each five categories as a means of introducing competition and hopefully value for money within the Framework arrangements.

163. The Audit Committee is seeking greater engagement with the Building Maintenance Framework Programme Board and such arrangements for the clear communication of concerns and also demonstration and assurance of progress made by the Board have been initiated following the year end.

164. The commissioning of the CEW review represents positive steps in seeking to improve contract management processes, but on a Council-wide basis there are areas where significant amounts of money are being spent without clear contracts, or where contracts are not being sufficiently monitored and managed. This is a finding which is consistently being reported.

At a time when the Council is moving towards new models of service delivery Audit Committee will continue to seek assurances that improvements are being made to contract management on a Council-wide basis. Audit Committee will continue to monitor the findings of Internal Audit reports and the progress of the Building Maintenance Framework Project Board.

Schools Governance & Compliance

Audit Committee has continued to raise concerns about governance and compliance matters in schools. Historically, Audit Committee has received a greater proportion of 'Limited Assurance' audit reports in relation to schools, compared to the rest of the Authority. This trend has not improved in 2015/16, with Internal Audit opinions of both 'Limited Assurance' and 'No Assurance' issued to Cardiff schools this year. Particular concerns and details have been discussed in Audit Committee meetings, together with relevant management responses.

165. 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. Although practices can only be commended, given the size of school budgets and the reputational risks associated with weaknesses in school governance, this area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and commending of best practice guidance to schools in the interests of strengthening financial control.

166. Effective financial management is another important element of governance in schools. Audit Committee has received a position statement on schools in deficit in June 2015. The Committee was advised that there are only a small number of schools that continue to cause concern to the Council. The Committee will continue to receive information on schools balances as part of the Director of Education & Life Long learning's report on governance in schools.

Internal Audit Resources

167. The financial challenges facing the Council 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 a loss of experienced officers. 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 Council.

168. The Audit Committee has continued to express concern about the reducing number of audit staff, requesting that this is expressly stated in the Annual Governance Statement 15/16. Audit Committee members have also questioned if Internal Audit has sufficient resource to discharge its responsibility. The Head of Finance has assured the Audit Committee that although resourcing concerns are valid, post reductions in Internal Audit have not related to its core function. The Audit Committee will continue to require details of the Internal Audit resources available relative to its required activities, and the management of staffing limitations and risks through the Audit Manager's quarterly progress reports.

Annual Governance Statement

169. At a time of financial pressure and significant change, with lots of officers leaving who have many years of experience, it is considered vital that a strong audit presence is maintained.

Significant Governance Issues

170. Included in the Chief Executive and Senior Management Assurance Statements returned were twelve new issues which were discussed at a Senior Management meeting in May 2016. At this meeting, having considered each, it was decided that one new issue relating to progressing the recommendation and proposals for improvement in the WAO Corporate Assessment Follow On report should feature as a new significant governance issue in the Annual Governance Statement. The majority of the other issues presented were not considered strategic and were felt, best addressed within Directorates. The rest were mainly linked to Corporate risks (some of which may need changing to reflect new pressures).

171. There were four significant issues carried forward into 2015/16. Work has continued to be done on all of these with the issue relating to the Organisational Development Plan considered to be at a stage where issues have been addressed. The other three issues are considered to be ongoing at the end of the financial year 2015-16, together with the new governance issue identified through the review. Further work will be done in order to ensure these issues are addressed. As a result of the review, the four issues to carry forward at the year end position and details of these, with an updated position, are shown below.

Significant issue	Year End Position 2015/16	Responsible Officer
<p><u>WAO Corporate Assessment Follow On Report</u></p> <p>The WAO Corporate Assessment Follow On report was received formally by Cabinet on 10 March 2016. The report made one formal recommendation and 14 'proposals for improvement' relating to various corporate matters including governance issues.</p> <p>New issue</p>	<p><u>WAO Corporate Assessment Follow On Report</u></p> <p>The Statement of Action in response to the WAO recommendations was agreed by Cabinet on 21 March 2016 for implementation during 2016/17. WAO to review position in 12 months. Progress will be monitored by the Senior Management Team during 2016/17.</p>	<p>Senior Management Team</p>
<p><u>Capacity & Decision Making</u></p> <p>The Council is facing unprecedented financial pressures where significant savings have had 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 2015/16</u></p> <p>Reviewing delivery plans to ensure they remain fit for purpose when considering the likely amount of resources available in future years.</p>	<p><u>Capacity and Decision Making</u></p> <p>Continued reductions in resources (including staff) across the Council has reduced capacity and increased pressures on staff to provide professional and sound advice. Directorates have continued to mitigate against this by revising their service delivery plans and streamlining their activities to reflect the resources available. Much work has been done on 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 with a number of completed or ongoing restructures</p>	<p>Senior Management Team</p>

Annual Governance Statement

Significant issue	Year End Position 2015/16	Responsible Officer
	<p>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 2016/17 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. Further embedding of technology 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) Programme</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 success of the Programme.</p> <p><u>Action at year end position 2015/16</u></p> <p>Completed</p>	<p><u>Organisational Development (OD) Programme</u></p> <p>The OD programme is embedded in Year 2 of a 3 year programme, with programme management arrangements effectively in place. This view is supported by WAO recognition in their follow on corporate assessment that although there is work to do the OD programme is providing the direction of travel for organisation.</p>	<p>Senior Management Team</p>
<p><u>Commissioning Capability and Capacity</u></p>	<p><u>Commissioning Capability and Capacity</u></p>	

Annual Governance Statement

Significant issue	Year End Position 2015/16	Responsible Officer
<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 2015/16</u></p> <p>Building on the framework and developments there will be a further embedding of Strategic Commissioning across the Council.</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. Whilst work has been ongoing there remains opportunity for enhancement as strategic commissioning becomes further embedded and formalised across the Council.</p> <p>Health and Social Care have developed commissioning models for residential and nursing care, domiciliary care and supported living.</p> <p>In 2015/16 Social Services has refocussed existing senior management resources to support a more effective strategic commissioning approach. A Central Social Service Business Unit is being developed and this will include the commissioning function.</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>Action at year end position 2015/16</u></p> <p>Reviews continuing to be carried out to improve costing arrangements in the most critical areas.</p> <p>Building on the exercise with schools, there will be further work on other charging arrangements in 2016/17.</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. Reviews in areas such as Central Transport Service remain ongoing in order to increase the transparency of charging.</p> <p>Internal charges to schools were reviewed in order to ensure full transparency and alignment of costs with income.</p>	Senior Management Team

Significant Issues - The Cardiff and Vale of Glamorgan Pension Fund

172. During 2015/16, the governance structure for the Pension Fund was amended to include the Local Pension Board, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Board members were appointed from 1 July 2015 and the Board first met on 30 July. The Board will meet three times a year.

173. It is considered the following may have potential implications on future financial periods and are worthy of note in this statement.

Issue	Action	Responsible Officer
<p><u>Welsh Local Government Pension Funds Working Together – Wales Investment Pool.</u></p> <p>During 2014/15 Mercers were commissioned to work on the detailed business case for a collaborative investment vehicle for the eight LGPS Funds in Wales. The report was published in May 2015.</p> <p>In July 2015 the UK Government announced that all LGPS Funds in England and Wales would be required to join investment pools. Criteria for the pools were published in November.</p> <p>The Welsh Funds submitted their outline proposal to the DCLG in February 2016 and received a positive response in March. A detailed pooling proposal must be submitted in July 2015.</p> <p>The proposal will include a Joint Governance Committee of elected members from each Administering Authority supported by an Officer Working Group.</p>	<p><u>Welsh Local Government Pension Funds Working Together – Wales Investment Pool.</u></p> <p>The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the development of the Wales Investment Pool.</p> <p>Developments are regularly reported to the Pension Fund's Investment Advisory Panel and the Local Pension Board.</p>	<p>Corporate Director Resources</p>
<p><u>Pension Committee</u></p> <p>The Council's current constitution does not include a Pension Committee and all pensions functions are delegated to the Corporate Director Resources. It is proposed to establish a Pension Committee with responsibility for strategic issues whilst operational matters continue to be covered by officer delegations.</p>	<p><u>Pension Committee</u></p> <p>Amendment to the Council's Constitution to establish a Pension Committee in July 2016.</p>	<p>Corporate Director Resources</p>

Cardiff Port Health Authority (CPHA)

174. During 2015/16, no significant governance issues have been identified in respect to the Cardiff Port Health Authority.

Monitoring

175. We propose over the coming year to continue to take the steps required in order 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 we will monitor their implementation and operation as part of our next annual review.

Certification by the Leader of the Council and the Chief Executive

176. 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.

177. 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.

178. 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 2015/16.

Paul Orders, Chief Executive

Date: 29 September 2016

Councillor Phil Bale, Leader of the City of Cardiff Council

Date: 29 September 2016

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

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.

Assets Held for Sale

Assets meeting all the criteria of:- immediately available for sale, where the sale is highly probable, actively marketed and expected to be sold within 12 months.

Asset Under Construction

An asset that is not yet complete.

Borrowing

Loans taken out taken out by the Authority to pay for capital expenditure or for the prudent management of the Council's financial affairs.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

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 or where a ministerial permission allows.

Glossary of Local Government Accountancy Terms

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash and Cash Equivalents

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the leading professional accountancy body which determines 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.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

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.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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.

De-recognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Direct Revenue Financing

The amount of revenue funding in the year used to pay for capital expenditure incurred.

Earmarked Reserves

Amounts set aside to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Highways Network Asset

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include

carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the Council Fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

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.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

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.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

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.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

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.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)

Tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

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.

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 expenditure. 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.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves

Reserves are also amounts set aside for future use. 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.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

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.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

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.

Treasury Management

The process by which the Council controls its cash flow and its borrowing and lending activities.

Trust Funds

Funds held in trust which are administered by the Council.

ANNUAL RETURN

2015/16

of

CARDIFF PORT HEALTH AUTHORITY

NARRATIVE REPORT

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 2014 (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 2015/16 (SERCOP). This applies to support service recharges from the Council directorates to the Port Health Authority.

Section 1 – Accounting statements for Cardiff Port Health Authority:

	Year ending	
	31 March 2015 (£)	31 March 2016 (£)
1. Balances brought forward	93,268	133,210
2. (+) Income from local taxation and/or levy	175,825	159,850
3. (+) Total other receipts	1,837	1,314
4. (-) Staff costs	108,011	125,428
5. (-) Loan interest/capital repayments	0	0
6. (-) Total other payments	29,709	17,725
7. (=) Balances carried forward	133,210	151,221
8. (+) Debtors and stock balances	72	0
9. (+) Total cash and investments	143,916	154,637
10. (-) Creditors	10,778	3,416
11. (=) Balances carried forward	133,210	151,221
12. Total non-current assets and long-term assets	0	0
13. Total borrowing	0	0

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 2016, that:

	Agreed?	
	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	
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	
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	
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	
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	
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	
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	Yes	
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.	Yes	

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 2016; 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 2016.</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: Councillor Monica Walsh, Lord Mayor</p>
<p>Date: 29 September 2016</p>	<p>Date: 29 September 2016</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 2016 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 are included in our report to the Body dated 29 September 2016.

<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>	

Electronic Publication of Financial Statements

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT OF ACCOUNTS

2015/16

OF

CARDIFF HARBOUR AUTHORITY

Foreword

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

The existing three year budget, which was agreed with the Welsh Ministers, covers the period 2014/15 to 2016/17. The revised budget for 2015/16 was set at £6.253 million which represented a reduction of £0.144 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.

An amount of £10,000 was received in respect of the share of previous years underspend against the fixed cost budget. This increased the budget allocation to £6.263 million.

The financial deficit for the year ended 31 March 2016 was £2.852 million (£2.429 million in 2014/15).

Total Capital Expenditure incurred and funded by Harbour Grant during the year was £312,000. 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 crane, catamaran survey vessel, public realm improvements and replacement of water quality monitoring equipment.

Key Achievements

During 2015/16 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 with a budget reduction and delivered the business plan within budget at year end.
- The resilience of the Barrage and Harbour Master teams has been further enhanced by the recruitment of a mechanical engineering apprentice and a marine engineer apprentice.
- In June 2015 the Extreme Sailing Series (ESS) returned to Cardiff. This was the first year as a stand alone event – without the support of the Bay Beach or Harbour Festival. The marketing and PR campaign was successfully delivered as per the ESS contract. Also the new format proved popular with visitors, with a variety of positive feedback, and the footfall over the three day event was a success with over 65,000 attendees.
- The community liaison team created a partnership with the Reardon Smith Nautical Trust to deliver the 'Reardon Smith Sailing Academy' with the Cardiff Sailing School. Over the next year RSNT will invest £10,000 to cover the cost of a variety of courses and equipment to give school children the opportunity to complete courses for free. The objective of the academy is to encourage the participants to forge a career in the sailing industry.
- With a significant amount of time and effort from the Barrage engineering team they have managed to considerably increase the efficiency of the Pont y Werin fibre optic link and replaced the pedestrian gates which were previously problematic.
- High river flows have been discharged in the last 5 months without any issues affecting residents on the rivers. There have been several unexpected issues with the Sluice gates however due to the efforts of the Engineering and Operational teams any potential serious events have been mitigated.
- 2015 saw the return of the Welsh Schools Indoor Rowing Championships & Welsh Indoor Rowing Championships to the Water Activity centre after a two year absence. Both returned with excellent entry levels to establish its position as one of the premier events within the indoor rowing schedule, being extremely popular with competitors and spectators alike.

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 2015/16 that are not recognised by International Financial Reporting Standards.

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 2016 and its income and expenditure for the year ended 31 March 2016

Christine Salter
Corporate Director Resources

Date: 29 September 2016

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 2016 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 191, 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 2016 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
24 Cathedral Road
Cardiff CF11 9LJ
30 September 2016**

Accounting policies

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 expenditure.

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 charged to expenditure in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to 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	17-70
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 394 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.

Cardiff Harbour Authority

Comprehensive Income and Expenditure Account for the year ended 31 March 2016

2014/15 £000		2015/16 £000
	Income	
(6,044)	Government Grants	(5,930)
(280)	Grants Relating to Previous Years	0
(324)	Capital Grants Applied	(312)
(884)	Fees and Charges	(876)
(7,532)	Total Income	(7,118)
	Expenditure	
2,664	Employees	2,616
1,298	Premises	1,461
73	Transport	172
2,269	Supplies and Services	2,049
628	Support Services	558
3,029	Capital Charges	3,114
9,961	Total Expenditure	9,970
2,429	Net Expenditure for the year	2,852

Balance Sheet as at 31 March 2016

31 March 2015 £000		Note Ref	31 March 2016 £000
	<u>Property, plant and equipment</u>		
7,532	Land and Buildings	2	6,725
338	Vehicles, Plant, Furniture & Equipment	2	404
163,218	Infrastructure	2	160,876
1,103	Community Assets	2	1,103
475	Investment Assets		358
172,666			169,466
56	Heritage Assets	2	56
128	Intangible Assets	2	64
172,850	Long-term assets		169,586
485	Stocks and Work in Progress	3	382
537	Debtors	4	589
1,986	Cash		2,238
3,008	Current assets		3,209
(2,424)	Creditors	5	(2,558)
(2,424)	Current liabilities		(2,558)
173,434	Net assets		170,237
	Reserves:		
168,501	General Reserve	1	165,649
4,933	Revaluation Reserve	1	4,588
173,434	Total Reserves		170,237

Notes to the Core Financial Statements

1. Reserves

2015/16	General Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April 2015	168,501	4,933
Movements in Reserves	(2,852)	(345)
Closing Balance at 31 March 2016	165,649	4,588

Comparative movements for 2014/15:

2014/15	General Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April 2014	170,930	4,933
Surplus/(Deficit) for the year	(2,429)	0
Closing Balance at 31 March 2015	168,501	4,933

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £756,000 as at 31 March 2016 (£697,000 as at 31 March 2015).

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.

2015/16	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Investment Assets £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Cost or Valuation									
At 1 April 2015	7,774	504	218,563	1,103	475	0	228,419	56	319
Additions	55	161	95	0	0	0	311	0	0
Impairment (losses)/reversals to RR*	(445)	0	0	0	0	0	(445)	0	0
Impairment (losses) / reversals to SDPS **	(304)	0	0	0	0	0	(304)	0	0
Disposals	0	0	0	0	(117)	0	(117)	0	0
Other reclassifications	0	0	0	0	0	0	0	0	0
Revaluation increases /(decreases) to RR*	(142)	0	0	0	0	0	(142)	0	0
Revaluation increases /(decreases) to SDPS**	(156)	0	0	0	0	0	(156)	0	0
At 31 March 2016	6,782	665	218,658	1,103	358	0	227,566	56	319
Depreciation									
At 1 April 2015	242	166	55,345	0	0	0	55,753	0	191
Depreciation charge	57	95	2,437	0	0	0	2,589	0	64
Depreciation written out on impairment	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(242)	0	0	0	0	0	(242)	0	0
At 31 March 2016	57	261	57,782	0	0	0	58,100	0	255
Net Book Value:									
At 31 March 2016	6,725	404	160,876	1,103	358	0	169,466	56	64
At 31 March 2015	7,532	338	163,218	1,103	475	0	172,666	56	128

* RR = Revaluation Reserve

**SDPS = Surplus or deficit on Provision of Services

Comparative movements for 2014/15:

2014/15 Restated	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Investment 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	0	475	228,803	56	319
Additions	15	155	154	0	0	0	324	0	0
Impairment (losses)/reversals to RR*	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals to SDPS **	0	0	0	0	0	0	0	0	0
Disposals	0	(708)	0	0	0	0	(708)	0	0
Other reclassifications	0	0	0	0	475	(475)	0	0	0
Revaluation increases /(decreases) to RR*	0	0	0	0	0	0	0	0	0
Revaluation increases /(decreases) to SDPS**	0	0	0	0	0	0	0	0	0
At 31 March 2015	7,774	504	218,563	1,103	475	0	228,419	56	319
Depreciation									
At 1 April 2014	188	802	52,506	0	0	0	53,496	0	127
Depreciation charge	54	72	2,839	0	0	0	2,965	0	64
Depreciation written out on impairment	0	0	0	0	0	0	0	0	0
Disposals	0	(708)	0	0	0	0	(708)	0	0
Depreciation written out on revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2015	242	166	55,345	0	0	0	55,753	0	191
Net Book Value:									
At 31 March 2015	7,532	338	163,218	1,103	475	0	172,666	56	128
At 31 March 2014	7,571	255	165,903	1,103	0	475	175,307	56	192

* RR = Revaluation Reserve

**SDPS = Surplus or deficit on Provision of Services

3. Stock

Movements in stock during the financial year are as follows:

	2014/15 £000	2015/16 £000
At 1 April 2015	1,113	485
Stock transferred from CI&E	0	0
Stock transferred to Cardiff Bay Visitor Centre	(17)	0
Stock written off to the CI&E	(611)	(103)
Balance carried forward	485	382

4. Debtors

	31 March 2015 £000	31 March 2016 £000
Central Government Bodies	513	513
Trade Receivables	24	76
Total	537	589

5. Creditors

	31 March 2015 £000	31 March 2016 £000
Central Government Bodies	(2,001)	(1,978)
Trade Payables	(423)	(580)
Total	(2,424)	(2,558)



Audit of Financial Statements Report

The County Council of the City and County of Cardiff

Audit year: 2015-16

Issued: September 2016

Document reference: 494A2016

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.

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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 County Council of the City and County of Cardiff (the Council) at 31 March 2016 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 levels at which we judge such misstatements to be material for the Council's accounts is £12.6 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, 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 2015-16, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 15 June 2016 in line with our 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 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 was one issue arising in these areas this year:
- **We have no significant concerns about the qualitative aspects of your accounting practices and financial reporting but you need to clear old creditors balances from the ledger.** Overall 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. However, our testing did identify a number of prior years' creditors balances which hadn't been cleared when payments or adjustments had been made. Extended testing provided assurance that these balances were matched by debit entries to other codes and therefore the creditors balance in the accounts was materially correct. But, by not matching creditors and clearing, you increase the complexity of the year end reconciliation process and the testing required to verify figures in the accounts. You also increase the risk that transactions may be included which are not true creditors.
 - **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**
 - **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 Auditor General, Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

(Audited body's letterhead)

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
[Date]

Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of the County Council of the City and County of Cardiff (the Council) for the year ended 31 March 2016 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 2015-16; 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 2014-15 WAO financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions.

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 County Council of the City and County of Cardiff 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 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 2016 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's 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 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 2015-16 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 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; the County Council of the City and County of Cardiff Group 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 Narrative Report 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 County Council of the City and County of Cardiff

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 as at 31 March 2016 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 2015-16.

Opinion on the accounting statements of 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 2016 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 2015-16.

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 2016 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 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report 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 does not reflect compliance with guidance.

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

24 Cathedral Road

CARDIFF

CF11 9LJ

30 September 2016

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Council

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	£441,000	Increase in Long-Term Investment balance at 31 March 16 on Balance Sheet.	Disclosure on Balance Sheet disagreed to supporting working paper analysis. Net nil impact, misclassification of balance as opposed to misstatement of balance.
2	£12,000	Increase in Short-Term Debtors balance at 31 March 16 on Balance Sheet, resulting in further amendments to Note 23 analysis.	As above.
3	(£453,000)	Decrease in Long-Term Debtors balance at 31 March 16 on Balance Sheet.	As above.
4	(£927,000)	Increase in Short-Term Provisions balance at 31 March 16 on Balance Sheet, resulting in further amendments to Note 27.	Formula error identified in analysis of Cardiff Insurance provision classification between Long-Term and Short-Term elements. Net nil impact, misclassification of balance as opposed to misstatement of balance.
5	£927,000	Decrease in Long-Term Provisions balance at 31 March 16 on Balance Sheet, resulting in further amendments to Note 27.	As above.
6	£2,364,000	Increase in Short-Term Creditors balance at 31 March 16 on Balance Sheet, resulting in further amendments to Note 25 and Note 34.	Number of credit balances included incorrectly in Short-Term Debtors as opposed to Short-Term Creditors. Net nil impact on bottom line.

	Value of correction	Nature of correction	Reason for correction
7	£2,364,000	Increase in Short-Term Debtors balance at 31 March 16 on Balance Sheet, resulting in further amendments to Note 23 and Note 34.	As above.
8	£3,051,000	Increase in carrying value of three community centres (Plasnewydd, Pentrebane and Butetown) to reflect reclassification from Investment Properties to Operational Buildings.	Adjustment to classification of buildings identified for Community Asset Transfer (CAT) to reflect the CIPFA Code of Practice. Correction of classification necessitates changing carrying value.
9	Various Remuneration disclosures in Note 11.1, Note 11.2 and Note 11.3	Amendments to the Note 11.3 table disclosing Senior Officer Remuneration required to correctly reclassify £20,000 Payments in Lieu of Notice (PILON) received by 1 Director, and include £252,000 pension strain costs incurred for 2 Directors early access to pensions. In addition, a number of minor corrections and adjustments were made to record correct start dates, accurate median remuneration and to adjust the separate Exit Packages table to record PILON costs incurred.	Amendments to disclosures in the accounts – highlighted as material by nature.
10	Various Related Parties disclosures in Note 13	Amendment to reclassify £18,500 grants paid to voluntary organisations in which members had an interest, from incorrect inclusion under payments for goods and services procured from the same voluntary organisations. Also amended to recognise that there were goods and services of £1,423 commissioned from 1 company in which a Chief Officer had an interest as a representative of the Council.	Amendments to disclosures in the accounts – highlighted as material by nature.
	Various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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Audit of Financial Statements Report and Management Letter

Cardiff & Vale of Glamorgan Pension Fund

Audit year: 2015-16

Issued: September 2016

Document reference: 496A2016

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

This document summarises the conclusions on the 2015-16 audit including our recommendations for the year. The Auditor General intends to issue an unqualified audit report on your financial statements.

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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 & Vale of Glamorgan Pension fund (the Pension Fund), for 2015-16, 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 Pension Fund and staff 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 2016 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 is £16.5 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 2016 on 15 June in line with our agreed deadline, 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 officers.

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](#).

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.**
 - **There are no 'other' matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendations arising from our 2015-16 audit work

15. The recommendations arising from our audit work are set in [Appendix 5](#). Management has responded to them and we will follow up progress on them 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 Auditor General, 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
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2015-16 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 2016 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 2015-16 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 xx September 2016.

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]

Date:

Appendix 2

Proposed 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 2016 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's 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 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 2015-16 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 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; the County Council of the City and

County of Cardiff Group 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 Narrative Report 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 County Council of the City and County of Cardiff

- 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 as at 31 March 2016 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 2015-16.

Opinion on the accounting statements of 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 2016 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 2015-16.

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 2016 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 2015-16.

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 does not reflect compliance with guidance.

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

24 Cathedral Road

CARDIFF

CF11 9LJ

30 September 2016

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	£529,000	A decrease in the market value of investments at 31 March, and an equivalent decrease in the Change in market value of investments. The amendments affect the Fund Account for the year and the Net Asset Statement, as well as Notes 10, 11, 12 and 13.	Incorrect prices had been applied in the valuations of two investments.
2	£1,511,000	An increase in the market value of Investments at 31 March and an equivalent increase in the Change in market value of investments. The amendments affect the Fund Account for the year and the Net Asset statement, as well as Notes 10, 11, 12 and 13.	The original valuation was based on 31 December 2015 data; at time of audit, the year end valuation was available.
3	£523,292	An increase in the value of lump sum benefits payable at 31 March and an equivalent increase in Unpaid benefits. The amendments affect the Fund Account for the year and the Net Asset statement, as well as Note 6.	To include lump sum payments not accrued for previously.
4	various	The inclusion of 2014-15 comparative figures in Notes 5 and 6.	Comparative figures are a financial reporting requirement.
5	various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of 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
2016 Audit Plan	March 2016	February 2016
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statement• Opinion on Financial Statements	September 2016	September 2016

Appendix 5

Recommendations arising from our 2015-16 audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Matter arising 1 – Regular reconciliation of SAP ledger to pensions payroll needs to be introduced.	
Findings	For Benefits payable it was identified that the monthly reconciliation between the SAP ledger and the pensions payroll had not been completed during the year.
Priority	Medium.
Recommendation	A quarterly reconciliation between the SAP pensions payroll/ledger and Altair pensioner accounts should be undertaken.
Benefits of implementing the recommendation	Completion of such a reconciliation will ensure the accuracy of the ledger account.
Accepted in full by management	Yes.
Management response	The reconciliation process was developed towards the end of the 2015-16 financial year and implemented early in 2016-17
Implementation date	31 August 2016

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Dear Committee Members

Date 14 September
2016

**Cardiff Port Health Authority Annual Return for the year ended 31
March 2016**

Pages 1 of 2

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 2016 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 2016 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 2016 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

There are no other issues outside the scope of our opinion that we wish to draw the attention of the Cardiff Port Health Authority.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ann-Marie Harkin". The signature is written in a cursive style with a small flourish at the end.

Engagement Director

Ann-Marie Harkin



Audit of Financial Statements Report

Cardiff Harbour Authority

Audit year: 2015-16

Issued: September 2016

Document reference: 495A2016

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

This document summaries the conclusions on the 2015-16 audit. The Auditor General intends to issue an unqualified audit report on your financial statements

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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 2016 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 £199,400. 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 2015-16, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 23 June in line with our 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 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, 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 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 Auditor General, 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
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2015-16 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 2016 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 2014-15 Wales Audit Office financial accounts reports have been satisfactorily implemented.

The financial statements are free of material misstatements, including omissions.

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 2016 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 2016 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
24 Cathedral Road
Cardiff CF11 9LJ
September 2016

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	£33,000	Increase in carrying value at 31 March 2016 of Land and Buildings within Property, Plant and Equipment balance, also impacts on Note 2.	Analysis of revaluations, impairments and depreciation written out on revaluation has been revised, identifying misstatement to the closing carrying value disclosed on the account.
2	£147,000	Decrease in Revaluation Reserve balance at 31 March 2016, also impacts on Note 1.	Analysis of revaluations, impairments and depreciation written out on revaluation has been revised, identifying misstatement to the closing carrying value disclosed on the account.
3	£180,000	Decrease in Cash balance at 31 March 2016.	Net impact of the misstatements identified and corrected. Cash balance disclosed is notional, representing the net cash within the overall Cardiff County Council bank accounts to ensure Net Assets agree to Reserves.
4	Various	A number of minor amendments to narratives and notes to the financial statements have been made to correct comparator figures, ensure supporting notes balance to primary statements, amend cross-references etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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Income and Expenditure

The Income & Expenditure Account below presents the cost of running Council Services for the 2015/16 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 a Code of Practice.

Council Tax:

Council Tax is collected by the Council and includes precepts for the police and community councils where applicable. These precepts are then passed onto the relevant bodies.

Band D Council Tax	£
Cardiff Council	1,022.46
Police & Crime Commissioner for South Wales	199.86
Total	1,222.32

Net Proceeds from Council Tax	£000
Council Tax Collectible	(175,121)
Provision for Non-Payment	1,834
Total Council Tax Income	(173,287)

Total Council Tax income accounts for just over a quarter of the Council's net expenditure	At the end of March 2016 the provision for bad debt relating to council tax was £4.9m	The council collection for 2015/16 was

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	£193,300
Cost of Collection Allowance	(8,700)
Provision for Non-Payment of NDR	(3,700)
Payment into National Pool	188,600
Redistribution from National pool	(101,200)

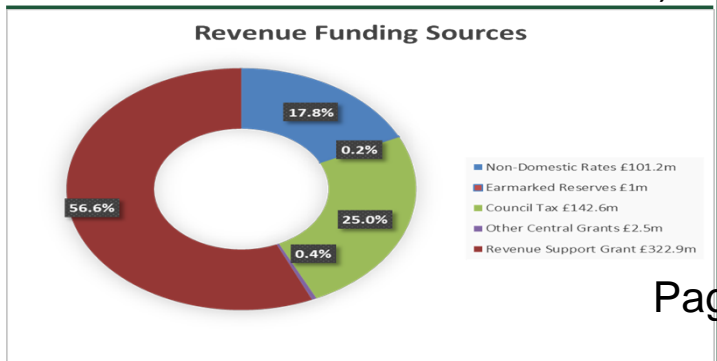
The Welsh Government 2015/16 NDR rate is 48.2p per pound of the business' rateable value	The net NDR collected by Cardiff for 15/16 totalled £189m. Cardiff received £101m after redistribution	The majority – 57% of total funding for the year 2015/16 is received through Grant from the Welsh Government

Income and Expenditure	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central Services to the Public	47,725	(14,023)	33,702
Cultural & Related Services	59,698	(28,652)	31,046
Environmental & Regulatory Services	65,354	(35,041)	30,313
Planning Services	27,265	(23,349)	3,916
Children's & Education Services	404,374	(108,231)	296,143
Highways & Transport Services	64,534	(32,325)	32,209
Housing Revenue Account	161,634	(67,636)	93,998
Housing Services (Council Fund)	182,799	(177,143)	5,656
Adult Social Care	125,100	(22,556)	102,544
Corporate & Democratic Core	11,899	(396)	11,503
Non-Distributed Costs	3,656	3,798	7,454
Exceptional Item	187,392	0	187,392
Net Cost of Services	1,341,430	(505,554)	835,876
Police & Crime Commissioner Precept	27,880	0	27,880
Community Council Precepts	290	0	290
Levies & Contributions	16,798	0	16,798
(Gain)/loss on sale of fixed assets	10,618	(11,814)	(1,196)
Other Operating Expenditure	55,586	(11,814)	43,772
Interest Payable on debt	32,152	0	32,152
Pensions Interest Cost	16,618	0	16,618
Interest & Investment Income	0	(1,272)	(1,272)
Change in fair value of Investment Properties	488	0	488
Other Investment Income	1,092	(1,282)	(190)
Financing /Investment Income & Expenditure	50,350	(2,554)	47,796
Recognised Capital Grants & Contributions	0	(25,304)	(25,304)
Revenue Support Grant	0	(322,851)	(322,851)
Non-Domestic Rates	0	(101,253)	(101,253)
Council Tax Income	1,834	(175,121)	(173,287)
Other Central Grants	0	(3,344)	(3,344)
Taxation & Non-Specific Grant Income	1,834	(627,873)	(626,039)
Deficit on Provision of Services			301,405
Revaluation Gains			(134,348)
Revaluation Losses			73,310
Impairment losses on non-current assets charged to the Revaluation Reserve			591
Deficit on revaluation of available for sale financial assets			1,484
Actuarial (gains)/losses on pension assets/liabilities			(12,346)
Other Comprehensive Income & Expenditure			(71,309)
Total Comprehensive Income & Expenditure			230,096

Balance Sheet	31 March 2016	£000	£000	Movement on Council Fund Balance	£000
Property Plant & Equipment		1,674,646		Balance at the end of the previous year	13,154
Investment Property		110,471		Surplus or (deficit) on the provision of	(19,108)
Heritage & Intangible assets		54,457		Services (exc. Housing Revenue Account)	
Long-term Investments		18,214		Adjustments between accounting basis &	39,022
Long-term Debtors		6,081		funding basis under regulations	
Total Long Term Assets			1,863,869	Transfers to/(from) Earmarked Reserves	(17,813)
Short-term Investments		54,215		Increase/(Decrease) in 2015/16	2,101
Assets held for Sale		2,819		Balance at the end of the current year	15,255
Inventories		2,139			
Short-term Debtors		86,498			
Cash and Cash Equivalents		17,352			
Total Current Assets			163,023		
Short Term Borrowing		(16,148)			
Short Term Creditors		(85,297)			
Pension Strain		(2,354)			
Provisions		(10,486)			
Deferred Liabilities		(986)			
Total Current Liabilities			(115,271)		
Long Term Borrowing		(659,408)			
Provisions		(28,325)			
Deferred Liabilities		(6,617)			
Capital Contributions Receipts in Advance		(9,933)			
Revenue Grants Receipts in Advance		(2,526)			
Capital Grants Receipts in Advance		(1,791)			
Pensions Strain		(4,891)			
Net Pensions Liability		(545,680)			
Total Long Term Liabilities			(1,259,171)		
NET ASSETS			652,450		
Financed by:					
Council Fund Balance		15,255			
Council Fund Earmarked Reserves		51,637			
Housing Revenue Account Balance		8,438			
HRA Earmarked Reserves		954			
Capital Receipts Reserve		5,423			
Usable Reserves			81,707		
Revaluation Reserve		254,122			
Capital Adjustment Account		856,975			
Deferred Capital Receipts		2,049			
Available for Sale Financial Instruments Reserve		16,811			
Financial Instruments Adjustment		0			
Pensions Reserve		(552,925)			
Accumulated Absences Adjustment		(6,289)			
Unusable Reserves			570,743		
TOTAL RESERVES			652,450		

The Council Fund	Earmarked	Earmarked Reserves
Balance of £15.255m represents accumulated surpluses retained by Cardiff Council	Reserves for 15/16 totalled £52.591m, including £12.728m of Schools Reserves	are sums of money put aside for specific uses. A detailed list can be found in the full Statement of Accounts

Housing Revenue Account (HRA)	£000
Income	
Dwelling rents	(61,103)
Non-dwelling rents	(89)
Charges for services and facilities	(6,444)
Total Income	(67,636)
Expenditure	
Repairs and maintenance	22,740
Supervision and management	17,862
Rents, rates, taxes and other charges	133
Housing Revenue Account subsidy payable	32
Provision for bad and doubtful debts	565
Depreciation, Impairment and Revaluation of non-current assets	120,169
Housing Revenue Account settlement payment	187,392
Debt management costs	66
Total Expenditure	348,959
HRA Services' share of Corporate and Democratic Core	67
Net Cost for HRA Services	281,390
HRA share of the operating income and expenditure	
(Gain)/loss on sale of HRA non-current assets	(1,855)
Interest payable and similar charges	13,015
Changes in fair value of investment properties	0
Interest and Investment income	(72)
Capital Grants and Contributions applied	(10,181)
Deficit for year on HRA services	282,297
Balance on HRA at end of previous year	(8,438)
Deficit for year on HRA services	282,297
Adjustments between accounting basis and funding basis under regulations and reserves	(283,013)
Transfers to/from Reserves	716
Net increase in the year on the HRA	0
Balance on HRA at end of current year	(8,438)

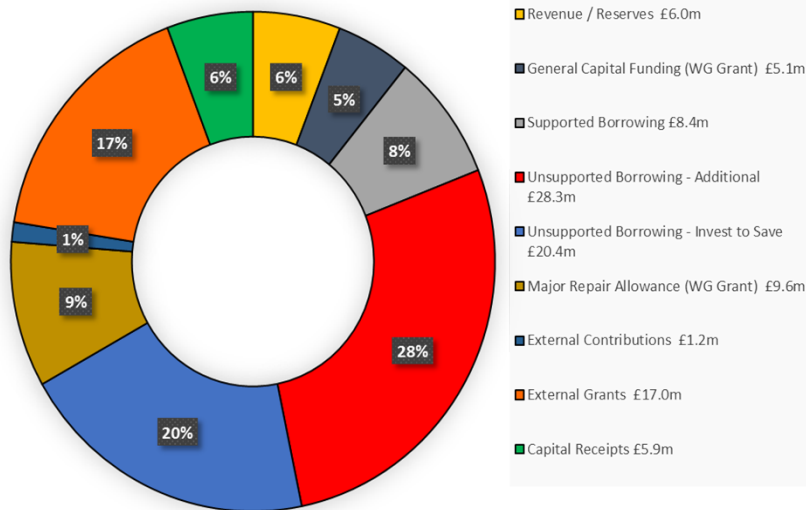


Capital Expenditure:

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 £289.3 million, with the main items of expenditure described in the table below:

		£m
Housing Revenue Account (HRA) Subsidy System Exit Payment	One off settlement paid to Welsh Government funded by borrowing, to be able to retain all future rent income receivable from Council dwellings.	187.4
Housing & Neighbourhood Regeneration	Improvements to public housing, new build dwellings, disabled adaptations, local shopping parade and area regeneration.	28.3
Education & Lifelong Learning	Investment in property renewal, predominantly in relation to new and refurbished schools.	22.8
Highways & Transportation	Road resurfacing, street lighting, road safety, public transport and energy efficiency improvements. Implementation of the cycling strategy as well as pedestrian and junction improvements.	11.5
Leisure Facilities and Citizen Hubs	Redevelopment of Eastern Leisure Centre, Insole Court and new STAR hub and pool.	11.9
Economic Development	Land acquisition in respect of the Central Square and grants for superfast broadband.	12.3
Other	Includes energy and waste schemes, capitalisation direction, parks and ICT.	15.1

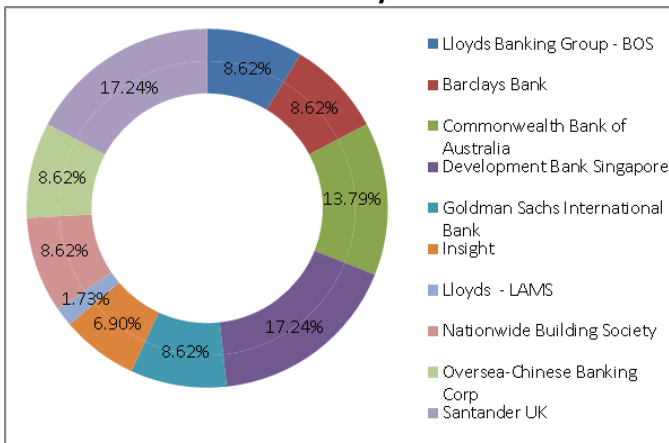
Funding of Capital Expenditure (Exc HRA Exit Payment)



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 £58m are deposited for various maturities with Financial Institutions at 31 March 2016

Investments by Institution



Borrowing 31 March 2016

	Principal (£m)	Average Rate (%)	Average Life (years)
Public Works Loan Board	612.8	4.91	27.31
Market and Other	53.3	4.03	43.81
Total Fixed Debt	666.1	4.84	28.63

'The information contained in this summary is from the 2015/16 Statement of Accounts of City of Cardiff Council. The Accounts are available on the Cardiff Council Website www.cardiff.gov.uk .

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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.

The County Council of the City and County of Cardiff

Treasury Management Annual Report 2015/2016



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 2015 on the Council's Treasury Management Strategy for 2015/16 and a mid year review in December 2015.
4. This report provides members with an annual report for the Council's Treasury Management activities for 2015/16. It covers:-
 - the economic background to treasury activities
 - investment strategy and outturn for 2015/16
 - borrowing strategy and outturn for 2015/16
 - debt rescheduling
 - compliance with treasury limits and prudential indicators
 - treasury management issues for 2016/17
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.

Economic Background

6. Bank of England base rate remained at 0.5% throughout the year, unchanged since 2009. Market expectations at the start of 2015/16 were for a rate rise, however slower growth and lower inflation forecasts meant any rate rise forecasts were gradually pushed back. Coupled with cheap credit being made available to banks for the Funding for Lending Scheme this continued to depress interest rates for borrowing and investments. Whilst medium to long term PwLB borrowing rates rose during the first quarter of 2015/16, the trend was for rates to fall by the end of the year.

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 2015 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 2016, investments stood at £58 million, with a short term investment strategy employed for most of the year. The Council's choice of investments maintained an approach of security where the amount invested is that repayable. **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 2016 are as follows:-
 - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2016 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 2016, the probability of any default is low at circa 0.022% of the investments outstanding, £12,760.
13. All investments held at 31 March 2016 are deemed recoverable. Accordingly, no impairment losses are reflected in the Council's 2015/16 Statement of Accounts arising from the Council's treasury management activities during 2015/16 or prior.

14. The overall level of interest receivable from treasury investments totalled £0.5 million in 2015/16. The returns achieved compared to industry benchmarks are shown in the table below.

	Return on Investment 2014/15		Return on Investment 2015/16	
	Benchmark 7day / 3month (%)	Achieved (%)	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.35 / 0.43	0.61	0.36/ 0.46	0.70

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 and undertaking longer term deposits where appropriate.

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 2016, the Council had £666.1 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 2015			31 March 2016	
£m	Rate (%)		£m	Rate (%)
418.1		Public Works Loan Board (PWLB)	612.8	
52.0		Market	52.0	
0		Welsh Government	0.5	
0.4		Other	0.8	
470.5	5.19	Total External Debt	666.1	4.84

18. Total interest payable on external debt during 2015/16 was £32.2 million of which £13 million was payable by the Housing Revenue Account (HRA). In total £31.6 million was set aside from General Fund and HRA revenue budgets in line with the Councils approved policy on provision for debt repayment.

19. Extracts from the borrowing strategy approved by Council in February 2015 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 2016/17 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.*
- *Pooling borrowing and investments to ensure the whole Council shares the risks and rewards of treasury activities.*
- *Reduction over time in the average rate of interest on Council borrowing.*
- *Ensuring 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 held in the short-term to pay for capital expenditure and minimise costs (Internal Borrowing), rather than undertake external 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 and so this position is kept under continuous review.

A high level balance sheet review undertaken at a point in time suggests that a maximum level of internal borrowing is circa £70 million. However this is dependent on cash flows, the timing of use of General and Earmarked Reserves and provisions and longer term pressures in the MTFP.

The forecast level of internal borrowing at 31 March 2016 in relation to the CFR is deemed manageable. However, based on the current forecasts of future capital expenditure plans and high level analysis of the sustainability of internal borrowing from the Council's balance sheet position for future years, external borrowing will be required to be undertaken in the medium term.

Whilst investment rates remain lower than long term borrowing rates internal borrowing will be used to minimise short-term costs where possible.

20. During 2015/16 borrowing of £201.6 million was undertaken predominantly from PWLB at an average rate of 4.09% and this was for capital expenditure purposes only.

21. As reported previously to Council and Cabinet, £187.392 million of PWLB loans were undertaken in April 2015 to make a settlement payment or 'Buy-out' from the Housing Revenue Account Subsidy System.
22. In accordance with the requirements of the agreement with Welsh Government and HM Treasury, the level of borrowing for the buy out had to generate a specified level of interest payable in the first five years, be taken only from the PWLB and be at special rates of interest determined by the PWLB and HM Treasury. The period over which loans taken were also those that helped achieve a balanced maturity profile for the Council as a whole and this can be seen in the chart in Annexe D. The Council does not distinguish between HRA and General Fund Loans i.e all loans are undertaken in the name of the Council and a single pool of debt is maintained.
23. Together with the natural maturity of £6.0m of primarily PWLB loans, the overall effect of new borrowing during the year was to reduce the average rate on the Council's borrowing to 4.84% at the 31 March 2016. As part of the 2015/16 Mid Year Treasury Management Report, Council received a full update on the impact on Treasury Management and loans undertaken for buy out.
24. As part of its loan portfolio, the Council has 6 Lender Option Borrower Option (LOBO) loans totalling £51 million. These are 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. 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.
25. Interest rates on the LOBO's held 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.
26. None of the LOBO's had to be repaid during 2015/16. However £24 million of the LOBO's are subject to the lender potentially requesting a change in the rate of interest payable every six months, which could trigger early repayment. This is a manageable refinancing risk as LOBO's form a relatively low proportion of the Council's overall borrowing at 7.66%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.28%	21/05/2016	6 months	21/11/2041
6	4.35%	21/05/2016	6 months	21/11/2041
6	4.06%	21/05/2016	6 months	23/05/2067
6	4.08%	01/09/2016	6 months	23/05/2067
5	4.10%	15/01/2018	5 years	17/01/2078
22	3.81%	21/11/2020	5 years	23/11/2065

27. 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 2016 as shown later in this report.

Debt Rescheduling

28. During 2015/16 savings in the Capital Financing budget allowed a technical adjustment to be undertaken to pay off historic penalties payable amounting to £2.1 million in relation to rescheduling of borrowing undertaken in previous years. In accordance with accounting requirements these amounts would normally be required to be charged to Council revenue budgets over a number of years and this adjustment will therefore allow savings to be realised in support of future budgets.
29. No debt rescheduling or early repayment of debt was undertaken during 2015/16. The main obstacle remains the level of premium (penalty) that would be chargeable on early repayment by the PWLB. The premium payable on the balance of PWLB loans at 31 March 2016 which are eligible for early repayment (£407 million) is £284 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 remains an obstacle in the ability of local authorities to manage debt more effectively.
30. 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 and not deemed cost effective.
31. 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

32. 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 2015/16 Prudential Indicators is set out in the following paragraphs and compared to the original estimates contained in the 2015/16 Budget Report. Future year's figures are taken from the Budget Report for 2016/17 and will be updated in the Budget Report for 2017/18.

Capital Expenditure

33. 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 2015/16 and reported in the Outturn Report to Cabinet in June 2016 and estimates of capital expenditure for the current and future years as set out in the Budget Report of February 2016 are as follows:-

Capital Expenditure					
	2015/16 Actual	2015/16 Original Estimate	2016/17 Estimate Month 4	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
General Fund	82	89	82	114	49
HRA	207	208	25	28	27
Total	289	297	107	142	76

Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

34. Where capital expenditure has been incurred without a resource to pay for it immediately e.g. via capital receipts, grants or other contributions, this will increase what is termed the Council’s Capital Financing Requirement (CFR) or its need to undertake borrowing. The Council is required to make an annual prudent provision for the repayment of historic capital expenditure from its revenue budget. This reduces the CFR. Calculation of the CFR is summarised in the following table.

	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts received to pay for capital expenditure
-	Prudent Minimum Revenue Provision & Voluntary Repayment
=	Closing Capital Financing Requirement (CFR)

There are two main types of additional borrowing to pay for capital expenditure:-

- ‘Supported Borrowing’ - costs of servicing are included within the annual RSG the Council receives from the WG.
- ‘Unsupported Borrowing’ – costs of servicing to be met by the Council from Council tax, savings, additional income or sale of assets.

35. It is the CFR that results in the need to borrow and it is important to note that any financial deficit and liabilities of the HRA are ultimately liabilities of the Council. 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.
36. The CFR as at 01 April 2015 was £495 million. The actual CFR as at 31 March 2016, estimates for current and future years (estimated in the February 2016 budget) are shown in the table below:-

Capital Financing Requirements (Excludes Landfill Provision)					
	31.03.2016 Actual £m	31.03.2016 Original Estimate £m	31.03.2017 Estimate £m	31.03.2018 Estimate £m	31.03.2019 Estimate £m
General Fund	432	432	459	454	455
HRA	277	282	279	296	302
Total CFR	709	714	738	750	757
External Debt Over/(Under) Borrowing	(43)				

37. By comparing the CFR at 31 March 2016 (£709 million) and the level of external debt at the same point in time (£666 million), it can be seen that the Council is temporarily using circa £43 million of internal cash balances to finance the Capital Programme at 31 March 2016 (£25 million at 31 March 2015).
38. As set out in the February 2016 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 2017/18 Budget Report.
39. The Housing Revenue Account CFR at 31 March 2016 is £277 million. As part of the Housing Finance Reform voluntary agreement with WG and HM Treasury, a debt cap (limit of indebtedness) was set for this figure to be no higher than £316 million. The Council remained within the HRA debt cap at 31 March 2016.

Actual External Debt

40. The Code requires the Council to indicate its actual external debt at 31 March 2016 for information purposes. This was £666 million as shown in the earlier paragraphs.

Affordable Borrowing Limit

41. 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.
42. During 2015/16 the Council remained within the authorised limit of £781 million set for that year.

Operational Boundary

43. 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 £714 million to match the forecast for the CFR, but the actual level of external debt equalled £666 million as less new borrowing was undertaken during the year than originally planned.

Maturity Structure of Fixed Rate Borrowing

44. The maturity structure remains within the limits below approved as part of the 2015/16 strategy below. These limits are 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-15		Upper limit	31-Mar-16			
				Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	1.2	5.8	10	1.0	6.7	4.6	30.7
12 months and within 24 months	1.4	6.7	10	0.8	5.6	1.6	10.6
24 months and within 5 years	2.3	10.9	15	0.9	5.7	4.2	27.7
5 years and within 10 years	3.2	15.1	15	3.1	20.3	3.1	20.3
10 years and within 20 years	18.4	86.3	30	21.6	144.2	21.7	144.2
20 years and within 30 years	17.1	80.6	35	24.6	164.0	22.8	152.0
30 years and within 40 years	28.3	133.1	35	26.8	178.7	26.8	178.7
40 years and within 50 years	19.8	93.0	35	18.6	123.9	15.3	101.9
50 years and within 60 years	7.2	34.0	15	1.8	12.0	0.0	0.0
60 years and within 70 years	1.1	5.0	5	0.8	5.0	0.0	0.0

45. The maturity profile of the Council's borrowing as at 31 March 2016 is also shown in a chart 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

46. 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.
47. 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 rents and service charges.

Ratio of Capital Financing Costs to Net Revenue Stream					
	2015/16 Original Estimate %	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	6.30	6.21	6.08	5.86	5.89
HRA	35.01	31.96	31.17	31.51	30.78

48. The variance for the HRA in 2015/16 is due to estimates having to be made when determining the 2015/16 ratio of what the impact of the Housing Finance Subsidy reform would be. The settlement was not finalised until March 2015.
49. 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 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.
50. 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.

51. Accordingly additional local indicators were developed and are shown in the table below for the period up to 2020/21. These indicators, which will be updated in the budget proposals report for 2017/18, show 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	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Difference 11/12-20/21
	Actual	Original Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	%
	%	%	%	%	%	%	%	%	
Net	13.47	16.65	15.94	15.79	15.27	15.53	17.00	16.82	24.87
Gross	15.17	20.77	19.86	19.94	20.31	20.80	22.51	22.37	47.76

52. 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.

53. 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

54. An upper limit for principal invested over 364 days was set at £60 million and this was not breached during the year, primarily due to the strategy adopted of minimising the period for which investments are made during 2015/16.

Treasury Management issues for 2016/17

55. Whilst this report is primarily in relation to Treasury Activities for 2015/16, some key issues for 2016/17 are :-

- Reduction in the Bank of England base rate to 0.25% in August 2016 and impact on interest rates for both investments and borrowing have reduced.
- The continuation of internal borrowing to maximise short term savings and timing of any external borrowing.

56. In accordance with the Council's Treasury Management Policy, Council will a further update on Treasury Management activities as part of the 2016/17 Mid Year Treasury Management report in December 2016.

Christine Salter

Corporate Director Resources

05 September 2016

The following Annexes are attached:-

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management

Annexe B – Investments at 31 March 2016

Annexe C – Investment charts at 31 March 2016

Annexe D – Maturity analysis of debt as at 31 March 2016

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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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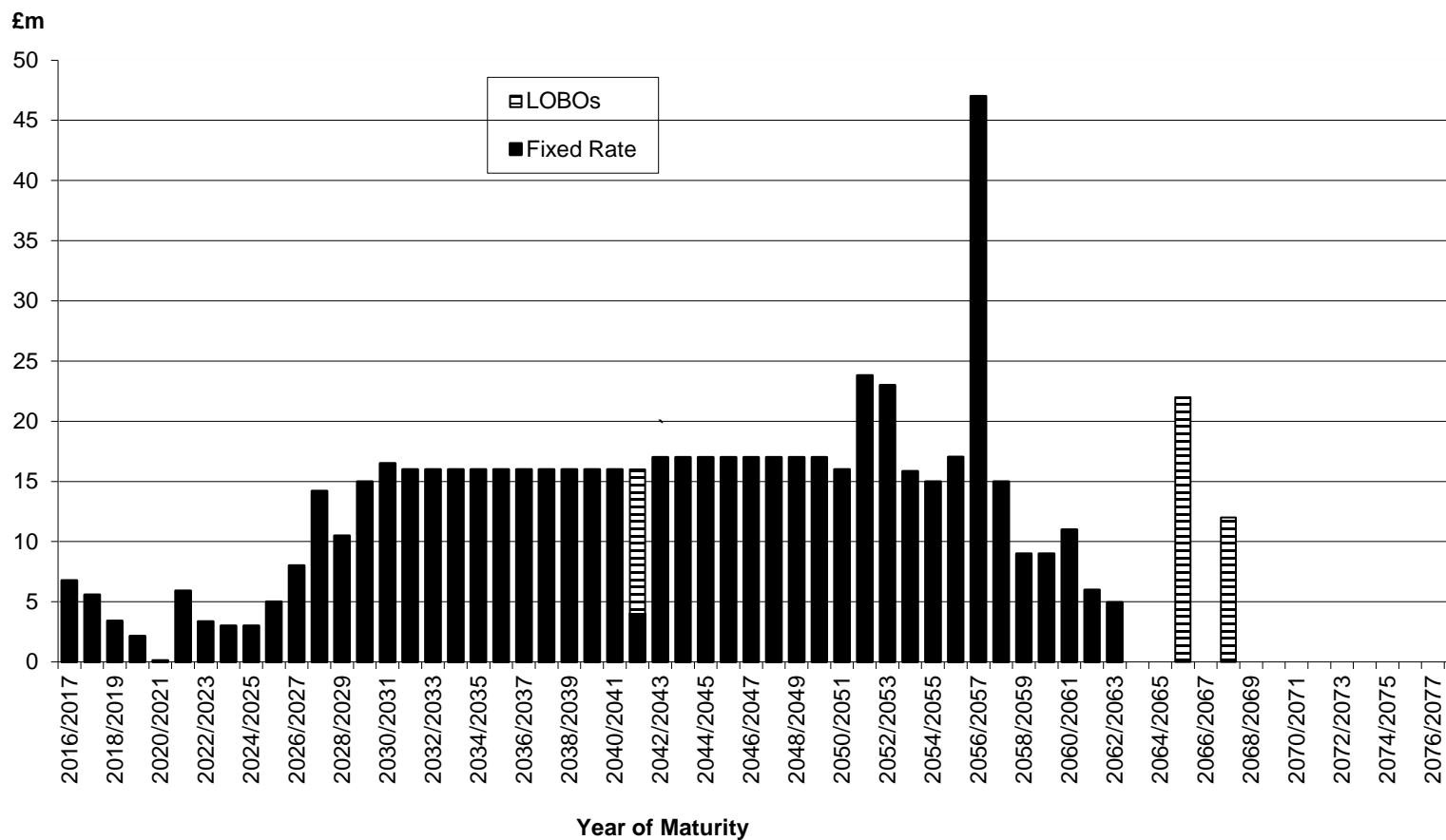
By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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Annexe D – Maturity Profile of Debt at 31 March 2016

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Audit Committee Annual Report 2015/16



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>	

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1. Foreword by Ian Arundale, 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 2015/16. It is my first Audit Committee Annual Report since taking over the role of Chairperson in June 2015.

This Municipal year has seen the departure of key Members and Officers, including Sir Jon Shortridge (Chairperson), Marie Rosenthal (Corporate Director - Governance & Legal Services) and Derek King (Audit & Risk Manager) all of whom have provided a tremendous service to the Audit Committee. I would like to acknowledge their efforts and thank them, on behalf of the Audit Committee, for their highly valued services.

I wish to record my thanks to all 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 in our five meetings this year. It is also very encouraging to report well attended meetings, given how busy members are in fulfilling other roles and responsibilities.

Throughout the year Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Wales Audit Office), Internal Audit, Treasury Management and Improvement & Information Management. Additionally, we have invited officers to attend Committee to respond to concerns raised by Members or identified through various Committee reports, such as internal and external audit reports.

We have reviewed our work programme at each Committee meeting, taking account of changing risks and priorities through the reports and information we receive from Members, Officers, external stakeholders and other Committees of the Council. Our Work Programme has been extremely busy this year with a wide range of issues brought before the Committee.

We acknowledge the broad remit of our role and have reflected on the effectiveness of governance, risk management and control at all organisational levels in providing an overall assurance opinion and informing the Council's Annual Governance Statement 2015/16.

We have considered comments from the Wales Audit Office regarding the need for a more streamlined process for Committee meetings, and have taken a number of actions to improve our focus. These include holding informal discussions before formal meetings, the creation of a Member's SharePoint reference site and greater use of email for sharing information. In addition, through collaboration with Scrutiny Services, we have developed a protocol for complimentary working and understanding between our respective Committees. We will reconsider our performance through a new Audit Committee Self-Assessment review in September 2016.

In looking forward to 2016/17 and beyond, in the context of continued financial pressures facing the Council, reshaping of services, new models of service delivery and a growing demand for public services, the importance of an effective Audit Committee remains critical. In February 2016, Committee Members considered the Welsh Government's draft Local Government (Wales) Bill proposals, which will see the Audit Committee renamed as 'Corporate Governance and Audit Committee'.

The Audit Committee welcomes the anticipated widening of its roles and responsibilities from the Local Government (Wales) Bill. Having recently received a report from the Monitoring Officer and participated in Cardiff Council's consultation response, we will keep a watching brief on the implementation of the Bill.

Cardiff Council can take some assurance from the positive improvement steps recognised in the Corporate Assessment Follow On, issued by the Wales Audit Office in February 2016. However, there is still much to do to embed change and improvement within the Council. There is a need for the Council to continue to work hard to fulfil its responsibilities and to ensure robust arrangements are in place for effective governance, risk management and control which are essential to ensure sustained improvements.

2. The Role of the Audit Committee

The Audit Committee is a key component of the City 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. Audit Committee 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, which meets the requirement of the proposed new Local Government (Wales) Bill.

Specifically, the Terms of Reference of the Committee embraces the following:

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.

3. Our Work in 2015/16

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 is reported on below.

4. Standard Items

4.1 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 ongoing unprecedented financial pressure. Monitoring the financial position with regards to achieving the necessary savings in some directorates has proved difficult, due to ongoing overspends. The year-end out-turn report will be important to provide assurance on a "balanced" budget.

The Audit Committee Chair has written to the Chief Executive this year, requesting an increase in the level of rigour placed on the identification and allocation of Directorate savings. Assurance on the due process has been provided by the Section 151 Officer.

This year saw a new risk added to the Corporate Risk Register relating to Financial Resilience and the Corporate Director Resources (Section 151 Officer) has provided regular updates on this and agreed to continue to do so at future meetings.

Much work has gone into preparing the Budget Strategy for 2016/17 and the medium term, which was approved by Cabinet and Council in July 2015. The Corporate Director Resources has outlined the process involved and assured Audit Committee that robust due diligence and scrutiny of 2016/17 proposals has been undertaken through the updated budget strategy approach which was introduced in 2015/16 in consideration of the future shape of the Council.

On 22 June 2015, the Committee was given opportunity to review and provide comments on the 2014/15 draft Statement of Accounts, prior to them being signed by the Corporate Director Resources and subsequently submitted for external audit and public inspection. On 16

September 2015 the Wales Audit Office reported to Committee that they were issuing an unqualified audit opinion. Officers were congratulated on completing a very comprehensive and complex piece of work within the required timescale.

4.2 Governance, Risk Management & Internal Control

The Audit Committee has formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented by the Corporate Director Resources (Section 151 Officer), the External Auditor – Wales Audit Office (WAO), the Audit & Risk Manager and other officers of the Council.

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 2015/16 the AGS was considered by the Audit Committee, in conjunction with the draft Statement of Accounts for 2014/15, in June and September.

The Committee has had early involvement with the draft AGS 2015/16. In February 2016 Audit Committee was provided with a report on the process in place for compiling the AGS, inclusive of an update on the senior management assurance process. In March 2016, Audit Committee was provided with the opportunity to comment on the draft AGS.

Levels of assurance from a number of sources have been incorporated into the AGS in reporting on the Council's governance arrangements. A Governance and Member Engagement Programme Board, comprising officers throughout the Resources and Governance and Legal Services Directorates has contributed to producing the AGS.

The revised senior management structure took effect in June 2015, and Audit Committee has engaged with each Director since their appointment. Audit Committee has continued to receive update reports biannually on the corporate risk register and senior management assurance statement responses.

The Audit Committee has received the analysis of a benchmarking exercise with UK Core Cities which identified the broad alignment of Cardiff Council's corporate risk register with those in other Core Cities. This has provided assurance on the content of the corporate risk register and the risk management focus at a time when its composition has been relatively static.

In November 2015, Audit Committee received a briefing on the senior management exercise undertaken in order to inform the development and formalisation of a corporate risk appetite by Cabinet. At a time when difficult strategic decisions need to be made there is a need to accept a level of risk which is acceptable to the Council, and within tolerance. The Audit Committee will monitor the progress in formalising this approach and embedding risk appetite considerations in decision making.

The Audit Committee has received a report on the expanded use of senior management assurance statements in order to support the AGS, by engaging the assurance of the Chief Executive in addition to each Director at the year end. This provides more comprehensive assurance which now represents the full management team.

The Audit Committee have also recognised the work undertaken within Internal Audit to create an assurance "map", gathering information from a wide range of reports and studies undertaken from both inside and outside the Council, applying the "three lines of defence" approach.

4.3 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 Annual Report, Mid-Year Report 2015/16, Treasury Management Strategy 2016-17 and the Treasury Performance Report.

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. At the Mid-Year position, it was reported that the maturity of debt profile has improved with a stable projection to 2056.

The Committee has been provided with an update on the Treasury Management position in each Committee meeting, but has previously expressed an interest in receiving further benchmarking data on treasury management activities with comparable Councils. The Council has subsequently become part of the Capita Benchmarking Club, which it is anticipated will enable meaningful comparisons. Benchmarking has also been carried out to compare the Council's level of debt with the Public Works Loan Board, from which in June 2015 we are assured that of other local authorities the Council's average rate of debt was below the Welsh average.

Audit Committee updates have been provided on borrowing in relation to the Housing Revenue Account settlement payment, and the final details of the settlement payment made to exit the Housing Revenue Account Subsidy (HRAS) system.

4.4 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 throughout the year such as the Regulatory Programme; Audit of Financial Statements Report; Audit Plan; Annual Financial Audit Outline (including the Cardiff & Vale Pension Fund Audit Plan) and in September 2015 the WAO's Annual Improvement Report.

An arrangement has been set up for Members of the WAO team to be present at each meeting in order to engage with members on key report findings and on the progress and timetable of forthcoming reports.

In February 2016 WAO issued the Corporate Assessment Follow On of the Council. The follow-on assessment reviewed the extent to which the Council was effectively addressing the issues raised in the Corporate Assessment in September 2014.

The follow-on review concluded that 'The Council has put in place better arrangements to support improvement and to address longstanding issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes.'

The positive steps which have been made by the Council should be commended, but there is a need to avoid complacency and ensure that the recommendations and proposals for improvement are promptly and effectively acted upon.

Audit Committee Members receive a number of other reports and studies from WAO. These reports are of interest, but often present broad national or regional findings and conclusions. Each report / study is considered and any lessons learned are reported separately to Audit Committee and officers asked to attend to provide assurance any findings will be acted upon in the best interest of the Council. There have been three such reports /studies during 2015-16.

4.5 Internal Audit

Similar to the External Audit arrangements, the Committee places reliance on the work of the Council's in-house Internal Audit Team. Throughout the year the Committee gained assurances from considering the following key documents:

- Internal Audit Strategy (including Internal Audit Charter)
- Internal Audit Plans
- Internal Audit Quarterly Progress Reports
- Internal Audit Executive Summaries
- Internal Audit Annual Report
- Value for money Studies
- Changes to key documents / policies.

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 Committee has 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.

The Audit Committee has been provided with an overview of all audit reports issued but 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 assurance" opinions has slightly increased on last year (22 to date + 6 on hold) which requires careful monitoring, but encouragingly the outcomes from follow up audits are much improved on previous years.

Members have welcomed a new protocol introduced this year so that every "Limited assurance" report is now shared with the Chief Executive and Section 151 Officer, which enables the Committee to focus on area where there are significant control weaknesses i.e. "No assurance" audit opinion reported, and where follow up audits have failed to evidence satisfactory improvement to the internal control environment.

Further detail on some outcomes from the work of the Internal Audit Team is shown later in the section 'Non-Standard Reports to the Audit Committee' and the Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report is presented to the June 2016 meeting of the Audit Committee. This report will provide the Audit Manager's 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.

5. Non-Standard Reports to the Audit Committee

The Committee received a number of reports throughout 2015/16 which were not standard items. Details of these reports are given below:

5.1 Education & Lifelong Learning

Glyn Derw and Michaelston Federation - The Committee considered an Executive Summary Report on Glyn Derw and Michaelston Federation in February 2016. This audit highlighted a wide range of concerns around governance and financial control which were discussed with the Director. Audit Committee has been advised that a new business manager has taken up post and has been working with staff and provided with additional support from the LFM Manager to address concerns. Audit Committee has expressed concern about financial accountability and governance prior to the establishment of a new school and this will be included in the follow up Internal Audit review.

Youth Centre Inventories - The Audit Committee was provided with an Internal Audit briefing which outlined how improvements identified in an audit of Youth Centres Inventories in 2013 had not been sustained. Consequently 'No Assurance' could be given on the management of assets in the centres. Meetings have been held with the Director and appropriate Managers with regard to the report, and it has been agreed that the audit findings will be considered as part of any changes to the youth service in the coming months. A follow up audit will be undertaken in six months to ensure that controls have been appropriately enhanced.

Annual Report on School Governance and Deficit - The Committee received a position statement on schools in deficit at its meeting on 22.06.15. Although there did not appear to be timescales for the schools to bring their budgets out of deficit, the Committee was advised that there are only a small number of schools that continue to cause concern to the authority. It has also been reported that there has been an increase in performance management in schools with some good changes in leadership, which includes financial management. There are cases where excess balances have not reduced over the last four years, however, the Committee was advised that most of these balances would be reduced in setting school budgets for 2015/16. The Committee will continue to receive information on schools balances as part of the Director of Education & Life Long Learning's report on governance in schools.

5.2 City Operations

Highways Street Operations – In June 2015, the Director of City Operations (formerly Strategic Planning, Highways & Traffic & Transport) provided Audit Committee with a response to an internal audit report which raised a number of concerns including monitoring of staff activity, hours worked and use of vehicles. Improvements were reported with a commitment to change through the appointment of new works managers and a team leader, and the introduction of several initiatives to improve efficiency. Internal audit will assess the progression of these initiatives and review the progress in implementing audit recommendations raised in a forthcoming follow-up review which is scheduled for the first quarter of 2016/17.

5.3 Communities, Housing & Customer Services

Building Maintenance Framework Contract – Audit Committee Members have raised a number of concerns about work quality, cost effectiveness and operational matters in relation to the Building Maintenance Framework. Assurances have been sought through a number of information streams, including the commissioned independent review of the framework by

Constructing Excellence Wales (CEW) and the presence of a Principal Auditor on a Building Maintenance Project Board, which has developed a series of actions and targets in order to meet the objectives of the CEW recommendations.

In November 2015, Audit Committee received a presentation on the Building Maintenance Framework from the Assistant Director Housing and Communities, Senior Category Manager, Commissioning & Procurement and OMs in Facilities Management and Community Maintenance Services. The presentation provided Committee with a briefing on key features of the Building Maintenance Framework Agreement, the remit of CEW Review and a summary of the findings and action plan.

Members welcomed the detailed briefing on this area and a number of matters were raised which included in particular:

- the need for better communication of the policies and processes with Elected Members;
- the need for a focussed single Council delivery approach to provide best use of resources and improved monitoring, customer service and satisfaction;
- the need to ensure effective use of Council resources, value for money in parallel to effectiveness and efficiencies of current framework;
- the need to learn from current framework contract arrangements;
- the importance of a robust process for complaints; their review; and consideration be given to a quality assurance report for tenants / clients to complete and return (aimed at providing the more vulnerable people with a greater opportunity to comment on work done and quality issues);
- the Asset Management group continue to monitor the implementation of the recommendations arising from the CEW report.

5.4 Internal Audit

Measuring Effectiveness of Internal Audit – This year the Audit & Risk Manager has presented details of work undertaken as part of the Quality Assurance and Improvement Programme used to measure the effectiveness of internal audit in relation to the following different elements:

- Delivery against the Audit Plan;
- Delivery against Annual Objectives;
- Internal quality assurance reviews;
- Extent to which audit recommendations are agreed and implemented;
- Director meetings and audit assurance questionnaires;
- Public Sector Internal Audit Standards – self assessment;
- Institute of Internal Auditors – “ What Every Director Should Know “ self-assessment;
- Audit Committee view as part of Audit Committee Self-Assessment;
- Benchmarking;
- External Assessment ;
- Wales Audit Office opinion on Internal Audit and overall financial control opinion;
- Management Performance Review.

Audit Committee welcomed the report and commended the team on its robust audit work against a reducing level of resources. The client feedback has showed that the effectiveness; professionalism and understanding of the audit function have been high.

Assurance Mapping - The Committee has received a report from the Audit and Risk Manager on the development of an Assurance framework which is being used to review the Council's internal control environment. The assurance map begins with the contents of the corporate risk register, senior management assurance statements and significant governance issues arising

from the annual governance statement. The outputs of different sources of assurance are populated on the assurance map, utilising a three lines of defence model. This model considers the assurance gained from management / internal controls, inspection / regulatory / compliance activities and the work of external audit.

During a time of limited audit resources, with a strong ongoing need for audit assurance, the assurance map considers the work of others in providing assurance in relation to governance, risk and internal control matters. This is used to shape Internal Audit priorities and impact on the work and timing of the Internal Audit Team, to avoid duplication and ease pressure on Directorates, who may be subject to both internal and external assurance reviews.

Public Sector Internal Audit Standards - The Audit and Risk manager has provided an update on the Public Sector Internal Audit Standards (PSIAS) which were adopted in April 2013. The PSIAS have a number of requirements, including the requirement for an external assessment at least once every five years. The Welsh Chief Auditor's group are proposing that all Welsh authorities establish a joint peer group to undertake such assessments. This approach is consistent with a peer group established for Core cities across the UK, being based around a robust self-assessment and an external evaluation that fully meets the requirements of the Standard, whilst being cost effective. The Audit Committee has approved the above approach to carrying out external assessments in compliance with Public Sector Internal Audit Standards (PSIAS). In readiness for the external assessment, an Internal Audit Self-Assessment has been completed and has produced improvement actions which are being progressed.

Internal Audit Management – In February 2016, Members received a report on the amended management arrangements for Internal Audit.

Following the appointment of a Head of Finance in September 2015, a review was undertaken to consider the overall management structure in Finance, including suitable arrangements for the Internal Audit functions.

With the Audit & Risk Manager retiring at the end of March 2015, after 45 years in local government, primarily working within Internal Audit, a decision was taken to appoint a new Audit Manager with a focus on the core roles of Audit and Investigation services. The retiring Audit & Risk Manager had been instrumental in the development of the Audit Committee since 2003, when the first Audit Panel was established, and continued to provide technical support and reports to every meeting since then.

Members have been keen to ensure a seamless transition and the appointment of a new Audit Manager who offers effective leadership and direction to the Audit teams and a professional service in supporting the work of the Audit Committee. There has been a temporary period where the Audit Manger role has been facilitated by the Head of Finance, during a period where the post has been advertised. This arrangement will continue until a suitable appointment is made.

Risk Management Assurance – The retirement of the Audit and Risk Manager has provided an opportunity to allocate risk management responsibilities to a senior officer who is outside of the Internal Audit function. This serves to reduce any perceived impairment to objectivity or independence in risk management activities. It also enables the Internal Audit Team to focus audit resources on risk management assurance, with a reduction in risk management coordination requirements.

Value for Money Studies (VFM) - The Internal Audit Team has produced a number of value for money (VFM) studies which have been welcomed by the Audit Committee. Committee has been provided with VFM briefings on Agency Spend, Standby Payments, Annual Leave, Overtime, Home to Office Travel, and Mileage Claims and each report has presented potential opportunities for management to realise efficiencies and reduce costs. The Audit and Risk Manager has sought assurances on the appropriateness of spend and asked Directors to identify and consider potential areas for savings. In addition to efficiency based concerns, some compliance and control issues were highlighted through these studies which Directors have been asked to address. Audit Committee will continue to monitor the results of value for money briefings received and seek assurances that progress is being made to improve processes and practices.

5.5 Scrutiny Services

Audit / Scrutiny Protocol - The Audit Committee Members and Council Officers have collaborated with the Policy, Review and Performance (PRAP) Scrutiny Committee to create a draft protocol between our respective Committees. The protocol ensures roles and responsibilities are clearly defined, work planning is complementary and that any potential work duplications are avoided. It is supported by clearly defined areas of responsibility and processes to share work programmes, information and certain reports. It is anticipated that the report can be finalised once the terms of reference of each Committee have been approved for the municipal year 2016/17.

6. 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. On 23 March 2015 the outcomes were summarised and reported back to the Committee for approval.

At the Audit Committee meeting in on 1 February 2016, the Audit and Risk Manager provided an updated assessment, following a review of the current position relating to the sixteen improvement actions from the January 2015 Self-Assessment. The follow-up review showed that most of the actions had been implemented, with two actions contingent on the finalisation of a Scrutiny and Audit Protocol. This protocol has been drafted and discussed with only minor amendments anticipated before it can be approved.

The follow-up assessment is appended to this Annexe 1, and the next full Self-Assessment exercise is scheduled for September 2016.

7. Key Observations 2015/16

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 significant 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.

8. Opinion of the Audit Committee for 2015/16

At the strategic level, based on the evidence presented to the Audit Committee during 2015/16, 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 2016/17, include:

8.1 Organisational Development Programme

The Organisational Development Programme (ODP) has been discussed at Audit Committee meetings in 2015/16. This is with the clear recognition that delivery against the Organisational Development Plan is being monitored and challenged by other Committees (namely the Policy Review and Performance Scrutiny Committee).

Although some assurance can be placed on the work of Scrutiny, the Audit Committee has expressly noted that the importance of this programme of work for the Council on its improvement journey. The programme has a key role in moving the Council towards its new shape and is acknowledged as a critical savings enabler.

At a time when Audit Committee has continued to challenge the budget position when faced with unprecedented financial pressure, the recently issued Corporate Assessment Follow On report from the Wales Audit Office has highlighted a need for a clear link between Medium Term Financial Plan savings plans and work streams or projects in the ODP.

Audit Committee will reflect on the comments raised by the Wales Office, and will seek assurance from relevant management and through the work of Internal Audit, that the ODP is clearly aligned to and monitored against critical business objectives. In the forthcoming year, Audit Committee intends to invite the Leader and Chief Executive to attend and answer questions related to the Corporate Assessment Follow On.

In recognising the critical importance of the ODP to the Council, Internal Audit has initiated a Control Risk Self-Assessment (CRSA) approach to auditing an initial pilot of ODP projects and regular engagement with Management in the OD Team. Audit Committee anticipates the findings of Internal Audit and the ongoing assurance from the roll-out of the audit approach throughout 2016/17.

8.2 Financial / Internal Control

The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services in the future. The Committee continues to receive regular updates from the Corporate Director Resources and other senior managers to seek assurances around governance and fundamental financial control.

Audit Committee receives regular reports in respect of the budget, treasury management and financial resilience. A key enabler for meeting severe financial pressures is reforming and redesigning services. There is a clear need to ensure strong internal controls are integrated within new or reformed processes and systems. At a time when many decisions have to be finance driven it is essential that internal controls are not neglected or impaired in the use of public monies.

Over 2015/16 there has been an increase in limited or no assurance audit reports from the Internal Audit Section. This is a concern that will require regular review by the Audit Committee, particularly when some isolated functions have repeatedly failed to maintain the required standards of internal control. The number of such reports is not yet at a level of significant concern, but the trend of limited assurance being reported has captured the attention of the Audit Committee. In instances where improvements are not promptly made we will be inviting those accountable to attend Audit Committee and explain the reasons for control weaknesses and to provide a firm commitment to improvement. This is with strong support and commitment from the Chief Executive to support management and the Audit Committee in driving improvements.

8.3 Contract and Procurement Matters

Through a number of Internal Audits completed this year a consistent weakness has been contract management and performance monitoring. Some areas of the Council such as Social Services rely heavily on commissioned services for certain aspects of their services and spend a significant amount of money on this purpose. Internal Audit reports are regularly reporting limitations to assurance on the basis of a lack of clear contracts for high value spend and instances of lapsed contracts, in addition to weaknesses in contract management where contracts are in place.

The Building Maintenance Framework contract involves a significant amount of spending with a limited number of contractors for services under different lots. For some time, Audit Committee members have identified and raised concerns about the cost effectiveness and quality of work carried out by contractors within the current Framework. This has been based on Member observations of elderly and/or vulnerable tenants receiving substandard work or delays from contractors and sub-contractors. Some of these delays have been significant i.e. for weeks if not months. Many Members have also reported poor communication and situations where tenants have been left waiting in their homes all day for services which were not received when arranged.

Members have sought assurances that the quality of the work would be monitored more closely in future and welcomed the commissioning of the independent review by Constructing Excellence Wales (CEW). Far from being dismissive of concerns, the report echoed members' concerns and made a series of recommendations such as a Building Maintenance Project Board, which includes a Principal Auditor, to develop a series of actions and targets to address all the highlighted issues.

A presentation by the Assistant Director Housing and Communities and the Senior Category Manager (commissioning and Procurement) was made on the Building Maintenance Framework in November 2015 and the reasoning behind the five contract categories explained. With the help of OMs in Facilities Management and Community Maintenance, the Committee received a detailed explanation of the CEW remit, its findings and the resulting action plan.

Members have raised observations and the expectation that updated processes and standardisation will ensure effective management of contractor performance. This needs to be enabled through embedding clear and accessible processes to raise concerns, issues or feedback which are consistently and transparently managed and responded to in a timely manner. Improvements are needed in monitoring and accountability to ensure that quality, time and cost issues are identified and rectified promptly, with lessons learnt from the existing framework and external (CEW) review and with contractors held to account for substandard performance through enactment of contractual terms and clauses. Members have welcomed the introduction of 'mini-tendering' within each five categories as a means of introducing competition and hopefully value for money within the Framework arrangements.

The Audit Committee is seeking greater engagement with the Building Maintenance Framework Programme Board and such arrangements for the clear communication of concerns and also demonstration and assurance of progress made by the Board have been initiated following the year end.

The commissioning of the CEW review represents positive steps in seeking to improve contract management processes, but on a Council-wide basis there are areas where significant amounts of money are being spent without clear contracts, or where contracts are not being sufficiently monitored and managed. This is a finding which is consistently being reported.

At a time when the Council is moving towards new models of service delivery Audit Committee will continue to seek assurances that improvements are being made to contract management on a Council-wide basis. Audit Committee will continue to monitor the findings of Internal Audit reports and the progress of the Building Maintenance Framework Project Board.

8.4 Schools Governance & Compliance

Audit Committee has continued to raise concerns about governance and compliance matters in schools. Historically, Audit Committee has received a greater proportion of 'Limited Assurance' audit reports in relation to schools, compared to the rest of the Authority. This trend has not improved in 2015/16, with Internal Audit opinions of both 'Limited Assurance' and 'No Assurance' issued to Cardiff schools this year. Particular concerns and details have been discussed in Audit Committee meetings, together with relevant management responses.

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. Although practices can only be commended, given the size of school budgets and the reputational risks associated

with weaknesses in school governance, this area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and commending of best practice guidance to schools in the interests of strengthening financial control.

Effective financial management is another important element of governance in schools. Audit Committee has received a position statement on schools in deficit in June 2015. The Committee was advised that there are only a small number of schools that continue to cause concern to the authority. The Committee will continue to receive information on schools balances as part of the Director of Education & Life Long learning's report on governance in schools.

8.5 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 a loss of experienced officers. 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.

The Audit Committee has continued to express concern about the reducing number of audit staff, requesting that this is expressly stated in the Annual Governance Statement 15/16. Audit Committee members have also questioned if Internal Audit has sufficient resource to discharge its responsibility. The Head of Finance has assured the Audit Committee that although resourcing concerns are valid, post reductions in Internal Audit have not related to its core function. The Audit Committee will continue to require details of the Internal Audit resources available relative to its required activities, and the management of staffing limitations and risks through the Audit Manager's quarterly progress reports.

At a time of financial pressure and significant change, with lots of officers leaving who have many years of experience, it is considered vital that a strong audit presence is maintained.

9. Looking ahead to 2016/17

During the forthcoming municipal year the Committee will continue to be guided by the Corporate Director Resources, External and Internal Audit teams.

Audit Committee will seek to further develop the assurances relative to our remit and will continue to contribute to an effective control framework. The Committee will monitor the issues highlighted in the 'Opinion of the Audit Committee 2015/16' contained within this report ensuring these are incorporated within the Committee's programme of work.

Audit Committee has a keen interest in appointment of the new Audit Manager, who will not have the responsibilities for risk which were held by the retiring Audit and Risk Manager. This provides an opportunity to separate out any perceived independence and objectivity issues with the coordination role being removed from the Internal Audit Section.

With risk management being a key activity in our terms of reference, we will be seeking assurance that new structures for risk management and control are robust, and will look to the Internal Audit team to provide independent assurance to Audit Committee on their effectiveness.

Additionally, Audit Committee will keep a watching brief on the development of the Local Government (Wales) Bill. Any required measures will be put in place to ensure that the Committee is well placed to discharge all responsibilities effectively resulting from the widening of its responsibilities which result from the bill.

The Committee's Work Programme will continue to be reviewed to ensure the Committee maximises its 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.

10. Audit Committee Membership 2015/16

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 have attended three of the four (to date) meetings.

The Audit Committee met on 5 occasions throughout the municipal period 2015/16 on the following dates: 22 June 2015, 16 September 2015, 30 November 2015, 01 February 2016 and 22 March 2016.

11. Attendance in 2015/16

Attendance 2015/16 Possible Actual

Attendance 2015/16	Possible	Actual
Independent Lay Members		
Ian Arundale (Chairperson)	4	3
Professor Maurice Pendlebury (Deputy Chairperson)	4	4
Sir Jon Shortridge	2	1
Hugh Thomas	4	2
Non Executive Councillors		
Councillor Nigel Howells	4	4
Councillor Bill Kelloway	2	2
Councillor Mary McGarry	4	3
Councillor Paul Mitchell	4	3
Councillor Jim Murphy	4	4
Councillor Dianne Rees	4	3
Councillor Christopher Weaver	4	4

During 2015/16 the Committee experienced a number of changes in membership; Sir Jon Shortridge stepped down from the Committee in September, following his extensive experience as the Chair of the Audit Committee, and former Audit Panel of the City of Cardiff Council.

Councillor Walker took up his new role as Lord Mayor, and subsequently left the Committee in May 2015. Councillor Robson left in June, following a change in political party and was replaced by Councillor Kelloway, who has previously served on the Audit Committee.

Councillors, Dianne Rees and Eleanor Sanders, joined the Committee following Annual Council in May 2015, however, shortly after, Councillor Sanders stepped down.

Induction training was provided to Councillors Rees and Murphy. 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.

There have been two vacancies on the Committee this year; one Lay member position has been vacant since June.

11. Audit Committee Contacts

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Annex 1 Self-Assessment: Improvement Actions – Updated Position (February 2016)

Ref.	Proposed Improvement Actions	Target Date	Action Owner	February 2016 Position	February 2016 Status
	Roles & Responsibilities				
1	<p><u>Audit Committee Terms of Reference</u></p> <p>Officers to undertake a review of the Committee's Terms of Reference prior to Annual Council in May 2015 to ensure fit for purpose and in line with current best practice.</p>	May 2015	Audit & Risk Manager	<p>The Audit Committee Terms of Reference was reviewed and approved in May 2015.</p>	Actioned.
Page 347	<p><u>Volume of Meeting Papers</u></p> <p>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.</p>	Ongoing	Corporate Director Resources & Audit & Risk Manager	<p>To reduce the agenda size in Audit Committee meetings three new approaches have been introduced.</p> <p>1) An Audit Committee SharePoint site has been created so that documentation of interest to the Audit Committee can be stored for Member information. This is being developed, with solutions being sought for Independent Members who are not currently able to access the SharePoint site.</p> <p>2) Emails are being circulated to Members for information communications, to limit Audit Committee agendas.</p> <p>3) Members are invited to a pre meeting of the Audit Committee giving them an opportunity to raise and discuss any issues prior to the formal meeting.</p>	Actioned
3	<p><u>Information Items</u></p> <p>Items for information to be taken off the Agenda and distributed for information only.</p> <p>Any ongoing actions to be reviewed and where appropriate to be reported, in brief, under Outstanding Actions (for information only.)</p>	Ongoing	Secretariat	<p>As above, information only items are being reduced in Audit Committee meetings.</p> <p>Pre meeting allows Members with the opportunity to raise issues.</p>	Actioned

Ref.	Proposed Improvement Actions	Target Date	Action Owner	February 2016 Position	February 2016 Status
4	<p><u>Assurance Summary</u></p> <p>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.</p>	Annually	Audit & Risk Manager	<p>On a biannual basis, the Audit Committee receives</p> <ul style="list-style-type: none"> • An action plan of the 'Significant Governance Issues' affecting the Council, as updated by the Senior Management Team, and; • The Corporate Risk Register (detailed and summary versions). 	Actioned
5	<p><u>Circulation of Work Programme</u></p> <p>The Committee's Work Programme is to be published more widely amongst elected Members similar to Scrutiny.</p>	Ongoing	Democratic Services	Meeting papers published on the Council Website.	Ongoing
Page 348 6	<p><u>Audit Committee & Scrutiny Committees</u></p> <p>In order to address the issue of items being considered by Scrutiny overlapping with Audit Committee a protocol is to be developed by officers.</p> <p>In order to support this notion the Audit Committee Chair would consider it beneficial to meet with the Scrutiny Chairs on an annual basis.</p> <p>In future, Scrutiny work programmes to be shared with Audit Committee Members and used to inform Audit Committee work programme to avoid duplication.</p>	Ongoing	Secretariat	<p>A draft Scrutiny and Audit Protocol has been developed to promote work synergies.</p> <p>The Audit Committee Chair also attended a Scrutiny Chair's Liaison Forum in quarter two (2015/16).</p>	Draft protocol Prepared - Ongoing

Ref.	Proposed Improvement Actions	Target Date	Action Owner	February 2016 Position	February 2016 Status
7	<p><u>Chairperson's Letters</u></p> <p>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.</p>	Ongoing	Audit & Risk Manager	This is now happening and the Chair does raise issues with the Chief Executive, Cabinet Member or relevant Scrutiny Chair as considered appropriate.	Actioned
8	<p><u>Independent Members</u></p> <p>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.</p> <p>Members Newsletter - The newsletter circulated to elected Members to be distributed to the Independent Members.</p>	Ongoing	Democratic Services	<p>All Members receive induction training.</p> <p>There is a pre meeting before every Audit Committee meeting, where there is an opportunity for all Members to have discussions and to bring any matters of interest to the independent members.</p> <p>Being considered as to best means of sharing this. Potential to use SharePoint website once access provided to Independent members.</p>	<p>Actioned</p> <p>Ongoing</p>
Monitoring & Oversight					
9	<p><u>Internal Audit Resource</u></p> <p>The impact of reducing resources within the Internal Audit Team to be highlighted in the Audit Committee's Annual Report.</p>	March 2015	Audit & Risk Manager	<p>The impact of reducing resources within the Internal Audit Team was highlighted in the Audit Committee's Annual Report and emphasised in the Annual Governance Statement.</p> <p>Regular updates to Audit Committee mention resource issues and next year's Audit Plan will highlight any resource implications on audit coverage.</p>	Ongoing

Ref.	Proposed Improvement Actions	Target Date	Action Owner	February 2016 Position	February 2016 Status
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	The CEO and Leader have attended Audit Committee to provide updates on the ODP and have agreed to continue to provide updates and attend as appropriate.	Actioned
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	The Monitoring Officer now attends Audit Committee whenever a governance item is included on the Agenda. She also attends the Agenda conference meeting with the Chair.	Actioned
12	<u>Audit Committee Self Assessment</u> The assessment exercise to be held on an annual basis.	January 2016	Secretariat & Audit & Risk Manager	The Audit Committee Self Assessment position will be reviewed annually. Agreed the next workshop would be held in Sept 2016.	Actioned & Ongoing
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	Members are aware that this is possible. The introduction of time to get together pre Audit Committee helps raise issues of interest and retain focus during the meeting.	Actioned
14	<u>Wales Audit Office</u> External Auditors to be represented at all meetings.	Ongoing	Wales Audit Office	In Place.	Actioned
Membership					

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Ref.	Proposed Improvement Actions	Target Date	Action Owner	February 2016 Position	February 2016 Status
15	<p><u>Vice Chair</u></p> <p>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.</p>	June 2015	Audit Committee	Actioned and a Vice Chair appointed in June when the Chair was appointed. MP (independent member) for current year.	Actioned
	Meetings				
	No matters to report			N/A	N/A
	Skills & Training				
Page 351	<p><u>Individual Self Assessment</u></p> <p>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.</p> <p>The suggested framework was presented to Council in December 2013: The Wales Charter for Member Support and Development: An Introduction for Authorities. Specifically the role of a Member of an Audit Committee.</p>	-	Chairperson, Secretariat, Corporate Director Resources & Audit & Risk Manager	This opportunity has been offered to members	Actioned

Annex 2 - Audit Committee Member Profiles

Current Membership



Ian Arundale
(Chair)
(Independent Lay
Member)

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.



Professor Maurice
Pendlebury
(Independent Lay
Member)

Maurice Pendlebury is a qualified accountant and until his retirement he was a professor of accounting at Cardiff Business School.

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.

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.

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.










Hugh Thomas
(Independent Lay
Member)

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.

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.

Currently, he is Chair of the Regulatory Board for Wales and one of fifteen trustees of The National Library of Wales.

	<p>Serving the Adamsdown Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Bilingual Cardiff Member Group • Council • Economy & Culture Scrutiny Committee • Policy Review and Performance Scrutiny Committee (Chair) <p>Outside Bodies:</p> <p>Cardiff Business Technology Centre (CBTC) Local Government Association General Assembly</p>
	<p>Serving the Penylan Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council • Licensing Committee • Licensing Sub Committee • Public Protection Committee • Public Protection Sub Committee
	<p>Serving the Plasnewydd Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Community & Adult Services Scrutiny Committee (Chairperson) • Council <p>Outside Bodies:</p> <p>Cardiff Action for the Single Homeless (Huggard Centre) Cardiff County Club Standing Advisory Council for Religious Education (SACRE)</p>
	<p>Serving the Fairwater Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council • Environmental Scrutiny Committee (Chairperson) <p>Outside Bodies:</p> <p>Cardiff County Club South Wales Intercultural Community Arts (SWICA)</p>

 <p>Cllr Jim Murphy (Labour)</p>	<p>Serving the Ely Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Children and Young People Scrutiny Committee • Council • Council Appeals Committee • Democratic Services Committee • Licensing Committee • Licensing Sub Committee • Policy Review and Performance Scrutiny Committee • Public Protection Committee • Public Protection Sub Committee <p>Outside Bodies: Cardiff & Vale of Glamorgan Community Health Council</p>
 <p>Cllr Dianne Rees (Conservative)</p>	<p>Serving the Pontprenau & Old St Mellons Ward.</p> <p>Term of Office: 03/05/2012 -</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Children and Young People Scrutiny Committee • Constitution Committee • Council • Council Appeals Committee
 <p>Cllr Christopher Weaver (Labour)</p>	<p>Serving the Cathays Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council • Economy & Culture Scrutiny Committee
<p>Vacant - Labour Member</p>	

Past Membership 2015-16



Sir Jon Shortridge
(Independent Lay Member)

Jon Shortridge has degrees in Philosophy, Politics and Economics from Oxford University, and in Urban Design and Regional Planning from Edinburgh University.

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.

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. He was knighted in 2002.



David Walker

Serving the **Lisvane** Ward.

Term of Office: 05/12 –

Lord Mayor 2015-16

Serving on the following committees:

- [Council](#)



Cllr Adrian Robson

Serving the **Rhiwbina** Ward.

Term of Office: 05/12 –

Serving on the following committees:

- [Appointments Committee](#)
- [Council](#)
- [Democratic Services Committee](#)
- [Glamorgan Archives Joint Committee](#)
- [Planning Committee](#)

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City & County of Cardiff Standards and Ethics Committee

12th Annual Report 2015/16



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 style="text-align: center;"><i>“Nolan Committee on Standards in Public Life”</i></p>	

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Chair's Foreword

I am pleased to present the Committee's twelfth Annual Report, which outlines the work undertaken by the Committee in 2015/16.

In October 2015, we welcomed delegates from all 22 local authorities, community councils, and other public bodies to City Hall for the All Wales Standards Conference, to hear leading speakers in our field, to reflect on current issues and shared concerns, and to share good practice. It was a showpiece occasion and showed that, in this field as in many others, there is benefit from learning from each other and in collaboration.

Here in Cardiff, the Committee has continued to promote high standards of good practice through our contacts with group leaders, whips, and other Members through the provision of policies and other guidance and through the provision of training. This year, we approved a protocol on child-protection casework and reviewed the operation of the Whistleblowing Policy and oversaw training for Members on the code of conduct and the Ombudsman's most recent guidance.

We noted the comments of the Wales Audit Office about our work in their Corporate Assessment Follow-on Report. They encouraged us further in a proactive approach of familiarising ourselves with the work of Members and making ourselves more visible. To this end, we have extended our programme of observing Council and Committee meetings and have issued our first in a series of briefings for Members.

We have monitored conduct through the routine review of information such as hospitality and conference attendance and of complaints made about Members, and we have held a formal hearing in one case referred to us.

It remains our firm conviction that the primary responsibility for setting and maintaining high standards of conduct rests with Members themselves, individually and collectively. To a very great extent, that responsibility is amply discharged: there are no complaints about corruption or misuse of office. Some concerns remain about the behaviour of Members towards each other and about conduct in meetings: the threshold for formal action about these has been raised by court decisions and a change in the Ombudsman's approach, so even more now depends on individual respect for others and for the office of Councillor.

The Committee's work relies heavily on the support it receives from our Officers. I wish this year to record our thanks to all concerned and in particular to Marie Rosenthal, our former Monitoring Officer, and to David Marr for acting as Interim Monitoring Officer since her departure.

Richard Tebboth
Chair
Standards and Ethics Committee
City & County of Cardiff Council

The Role of the Standards and Ethics Committee

The Committee operates within a statutory framework and the following terms of reference:

- (a) To monitor and scrutinise the ethical standards of the Authority, its members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern.
- (b) To advise the Council on the content of its Ethical Code and to update the Code as appropriate.
- (c) To advise the Council on the effective implementation of the Code including such matters as the training of members and employees on the Code's application.
- (d) To consider and determine the outcome of complaints that Councillors and co-opted members have acted in breach of the Code in accordance with procedures agreed by the Standards Committee, including the imposition of any penalties available to the Committee.
- (e) To oversee and monitor the Council's whistleblowing procedures and to consider ethical issues arising from complaints under the procedure and other complaints.
- (f) To grant or refuse requests for dispensations in respect of members' interests under the Members Code of Conduct in accordance with the relevant statutory provisions.
- (g) To undertake those functions in relation to community councils situated in the area of the Council and members of those community councils which are required by law.
- (h) To recommend to Council and the Cabinet any additional guidance on issues of probity.
- (i) To hear and determine any complaints of misconduct by members or a report of the Monitoring Officer, whether on reference from the Ombudsman or otherwise.
- (j) To recommend the provision to the Monitoring Officer of such resources as he/she may require for the performance of his/her duties.

The Committee has identified its major role as being to:

- Promote and maintain high standards of conduct by County Councillors, Community Councillors and Co-opted Members.
- Provide support advice and training for County Councillors and Community Councillors on conduct and personal interests.
- Monitor the operation of the Code of Conduct and the governance of the Council.
- Hear and determine any complaints referred by the Public Services Ombudsman for Wales.
- Provide advice and guidance on the whistleblowing procedure, constitutional, protocols and ethical issues.

The Committee operates on the clear understanding that Elected Members that sit on the Committee are independent of political allegiance and that all discussions and decisions are taken with ethical principles at the forefront. The Committee is mindful that not all political groups are represented on the Committee, but welcomes attendance by all Members at its meetings and is happy to receive contributions from those groups not so represented. The Committee wishes to do all it can to support Elected Members in their role.

The Committee's Work in 2015/16

All Wales Standards Conference 2015

The All Wales Standards Conference 2015 was hosted by the City of Cardiff Council under the direction of the Standards and Ethics Committee. The Committee formed a conference planning task group to agree arrangements for the conference, which met several times and reported back to the Committee at each of its meetings in 2015.

The Conference took place on Tuesday 20th October 2015, with an evening reception hosted by the Lord Mayor at the Mansion House on the evening of Monday 19th October. The theme for this year's conference was "Standards and Ethics in a Changing World" to reflect the challenges being faced by the Welsh local government sector; and to mark the 20th anniversary of the Nolan principles by exploring the question: Are the Nolan Principles fit for purpose in the current climate and for the next 20 years? The conference aimed at reinforcing the importance of promoting and maintaining high standards and conduct and the connection between good conduct, good governance and excellent service delivery. The conference also provided an excellent opportunity to share ideas, best practice and learning.

A total of 117 delegates attended, including representatives from every Principal Council in Wales, many Community Councils, the National Park Authorities and Fire and Rescue Services.

Conference presentations were given by:

- **Nick Bennett, the Public Services Ombudsman for Wales**, who gave a keynote speech to open the Conference, reflecting on whether the Nolan Principles were fit for purpose in the current climate and for the next 20 years.
- **Lyn Cadwallader, Chief Executive, One Voice Wales**, who outlined the importance of effective leadership at all levels of government.
- **Peter Davies, President of the Adjudication Panel Wales**, who drew attention to equality and respect being the most significant issues for standards and ethics.
- **Jan Williams, Independent Police Complaints Commissioner for Wales**, who emphasised the importance of leadership in setting appropriate standards and culture.

Workshops were offered on the following topics:

- Social Media – 'Staying out of Trouble'
- Whistleblowing
- Community Councils – Governance and Standards
- Local Complaints Resolution – Practicalities
- Are the Nolan Principles fit for purpose in the current climate and for the next 20 years? (Continuing the discussion from the Ombudsman's presentation)

The Chair and Vice-Chair of the Committee closed the Conference with a discussion on the key issues and themes they had noted during the day; and agreed to circulate a report to all delegates. A report on the Conference was duly circulated to all Monitoring Officers in Wales – A copy of the Conference Report is available from

<https://www.cardiff.gov.uk/ENG/Visiting/SCW2015/Presentations/Documents/SE%20Conference%20Wales%20Final%20Report.pdf>

Feedback from delegates on the Conference was very positive.

Member Protocol on Child Protection Casework

At its meeting on 22 September 2015 the Committee was provided with information on the Independent Review that had been commissioned by the Chief Executive to look into the role of members in dealing with parents' complaints and acting as advocate in child protection proceedings. This followed concerns raised by an elected member about safeguarding practice within Children's Services in relation to a small number of cases. The purpose of the Independent Review was to ascertain whether the system for managing and responding to Member queries in Cardiff provided a basis for appropriately managing case related concerns, for raising challenges, and for discharging accountability for safeguarding and other relevant duties. The Review had found that the Council generally had appropriate systems and processes in place, but made a number of recommendations which came within the remit of the Standards and Ethics Committee, including the recommendation that the Committee should devise a written protocol on the role of elected members in relation to social services casework and their role as advocates for service users.

The Committee considered a draft protocol addressing the matters recommended by the Independent Review and heard evidence from the Director of Social Services. The Committee acknowledged the importance of Members knowing what they should do if they believe that a child is in need or at risk. Various amendments were made to the draft Protocol, and the revised draft was discussed with political group leaders and circulated to all Members for consultation. At its meeting in December 2015, the Committee resolved to recommend the revised draft Protocol to full Council for adoption, along with an amendment to the Cardiff Undertaking to recognise the collective responsibility of all Councillors to safeguard and promote the life chances of children looked after by the Council. The Protocol was approved by Council at its meeting on 28th January 2016, and an amended Cardiff Undertaking was signed by all Councillors at the Annual Council meeting on 26th May 2016.

Member's Planning Code of Good Practice

The Committee had identified the Council's planning processes and procedures as a key item of business in its Forward Work Plan for 2015/16 and were keen to monitor the planning process since the adoption of the Planning Code of Good Practice, which now formed part of the Council's Constitution.

The Committee noted that the Planning Code had been prepared to accord with the Members' Code of Conduct and the Royal Town Planning Institute Code of Conduct for Chartered Planners; and aimed to:

- Guide and protect officers and members in dealing with planning related matters from criticism and challenge;
- Inform potential developers and members of the public of the standards adopted by Cardiff Council and the performance of its planning functions; and
- Ensure that, in the planning process, there were no grounds for suggesting that a decision had been biased, partial or not well-founded in any way.

The Committee considered that various improvements could be made to the Planning Code, both in terms of content and presentation; and resolved to consider this matter further, with input from the Planning Committee.

Draft Local Government (Wales) Bill – Welsh Government Consultation

The Committee was asked to consider the Welsh Government's draft Local Government (Wales) Bill proposals and respond to the Welsh Government's consultation. The Committee raised a number of concerns with the proposals in relation to the role of Standards Committees, and the perceived shift in focus from standards to Members' performance, which was not supported by the Committee. The Committee asked the Monitoring Officer to respond to the consultation accordingly; and a response was duly sent.

Local Government Ethical Framework – Welsh Government Consultation on Amendments to Subordinate Legislation.

The Committee was asked to consider the Welsh Government's proposed amendments to subordinate legislation relating to local government's ethical framework. It was noted that the changes were largely technical in nature and consequential on changes in law which had already been introduced. As such, the Committee had no concerns with the new legislation and a response to this effect was duly sent to the Welsh Government on behalf of the Committee.

Wales Audit Office Corporate Assessment Follow on Report

The Committee considered the Wales Audit Office Corporate Assessment Follow on report at its meeting in March 2016 and provided comments on the WAO proposals.

The Committee noted that the Wales Audit Office had recommended that the Standards & Ethics Committee should play a more proactive role in promoting and enforcing the Cardiff Undertaking for Councillors and supporting policies in relation to Member conduct and behaviour. The Committee raised some concerns about WAO's findings, noting that there was no recognition of the role of group leaders and whips; the limited sanctions available to the Committee; and the lack of any opportunity for the Committee to discuss these issues with WAO.

The Committee discussed what more could be done to promote high standards of conduct, and agreed to publish biannual Member Briefings; to work alongside the Democratic Services Committee to evaluate and support training; and to extend its observation of Council and Committee meetings.

Whistleblowing

The Committee's terms of reference include responsibility for monitoring and overseeing the Council's Whistleblowing Policy and considering any ethical issues arising from complaints made under the Policy.

The Whistleblowing Policy had been revised and approved by Cabinet in October 2014 on the recommendations of the Standards and Ethics Committee, to reflect legislative changes, clarify certain provisions, and adopt best practice. The revised Policy had been publicised through posters in all core Council buildings and articles in the Core Brief.

Under the Policy the Monitoring Officer is required to keep a record of all whistleblowing reports made and their outcomes, and to report periodically to the Standards Committee. At its meeting in March 2016, the Committee considered information on reports made during 2014 and 2015, including the issues raised and the outcomes. These figures were compared to the number of reports recorded during previous years since 2007. The Committee noted that the provision of information and training on whistleblowing was a key factor in ensuring the effectiveness of the arrangements. One investigation nearing conclusion had identified that managers and Human Resources staff might require further information and training on the scope of the Whistleblowing Policy to ensure that the Policy is properly and promptly implemented. The Committee were pleased to note that further guidance and training was being developed to address this issue.

Community Councils Charter

The Committee continued its efforts to update the Community Councils Charter, which the Executive adopted in March 2012, based on the model Charter issued by the Welsh Government under the Local Government (Wales) Measure 2011.

The aim of the Charter is to support structured regular engagement and communication between the County Council and the six Community Councils in Cardiff, based on the key principle of equality of partnership between the two tiers of local government.

In 2015 the Committee reviewed the Charter, and noted that many of its provisions remained relevant and an important recognition of the role of Community Councils in representing their local areas. However, a few sections of the Charter were not being implemented and needed to be updated in light of the reduced resources now available to the Council. Accordingly the Committee recommended to the Council's Cabinet an update of the Charter. The Cabinet accepted the Committee's recommendations; reaffirmed its commitment to the aims of the Charter; and delegated authority to the Monitoring Officer, in consultation with the relevant

Cabinet Member, the Standards and Ethics Committee and the six Community Councils, to update the Charter.

Discussions were held with the Clerks of the six Community Councils and a revised draft Charter was circulated for consultation. The Community Councils have requested further consideration of certain aspects, in particular, of the involvement of Community Councils in Section 106 and Community Infrastructure Levy (CIL) funds negotiations (planning matters). Advice has been sought from the Head of Planning, and efforts to resolve concerns and finalise the revised Charter are ongoing.

Gifts and Hospitality

Under the Members' Code of Conduct, Members are required to register any gifts and hospitality received which exceed the threshold value set by the Council of £25, and the Standards and Ethics Committee regularly reviews the Council's statutory register to monitor compliance and discuss any issues of concern. The Members' Hospitality Registers were considered by the Committee at its meeting in September 2015.

Annual meeting with political group leaders and whips

The Committee invites leaders and whips to meet with it each year to discuss issues relating to Members' conduct and ethics. The Chairperson and Vice Chairperson met with political Group Leaders on the 18 November 2015 to discuss conduct issues and complaints. Amongst the issues discussed, it was noted that resolving Member on Member complaints takes up a disproportionate amount of officer time and that more could be done within political groups to try to resolve issues.

Code of Conduct Training

Training for Members on the Code of Conduct and the Ombudsman's most recent Guidance took place on the 15, 21 September and 8 October 2015 with good attendance.

New legislation

The Committee has received reports noting new legislation and guidance on relevant matters, such as the revised Guidance on the Members' Code of Conduct issued by the Ombudsman in March 2015; and the new laws brought into force from 1st May 2015 regarding Community Council websites, Registers of Interests and Joint Standards Committees (under the Local Government (Democracy)(Wales) Act 2013).

Observation of Council and Committee Meetings

Independent members of the Committee have continued to attend meetings of Full Council and various other Committees of the Council as observers, and discussed feedback at Standards and Ethics Committee meetings. Members have agreed that such observation is helpful to inform the Committee's work and understand the work of the Council; and a programme of meetings for future observation has been agreed.

Taking Action on Complaints

During the period from 1st April 2015 to 31st March 2016, the Monitoring Officer was notified of a total of 59 complaints made against Members alleging breach of the Code of Conduct. The Standards and Ethics Committee receives quarterly reports from the Monitoring Officer in respect of such complaints. The table below shows an analysis of the complaints on a quarterly basis and their current status.

	1 April – 30 June 2015 (Quarter 1)	1 July – 30 September (Quarter 2)	1 October – 31 December (Quarter 3)	1 January – 31 March 2016 (Quarter 4)	Total
Total Number of Complaints	9	24	8	18	59
Member on Member	5	15	3	4	27
Public on Member	3	8	5	6	22
Officer on Member	1	1	0	0	2
Community Councillors	0	0	0	8	8
Informally resolved	6	10	5	8	29
Referred to PSOW 1	2	8	0	1	11
Referred to PSOW 2	1	2	3	9	15
Referred to S&E	0	4	0	0	4
Active	0	0	0	0	59

Key

- *Referred to PSOW 1* = Referred to Public Services Ombudsman for Wales as his office is the appropriate body to investigate and report on the subject matter of the complaint due to the complainant being a member of the public. Informal resolution may be attempted prior to such reference being made.
- *Referred to PSOW 2* = Referred to the Public Services Ombudsman for Wales as the matter is not considered to be a “minor” Member on Member complaint and therefore not suitable for informal or local resolution.
- *Active* = not yet resolved, complaint is under investigation or informal resolution is being attempted.

In relation to Quarters 1 and 2, it was noted there was an emerging pattern of the number of complaints increasing in the second quarter each year; and concern was expressed to note the complaints by officers alleging Members may have breached the Code, although the number of such complaints is low. Complaints had arisen when the cut and thrust of political debate had veered into personal attack during committee meetings or on social media; and in relation to members of the public complaining about delays in correspondence. None related to fraud or corruption, and it was observed that there had been an improvement in the general conduct of Members at full Council meetings. It was noted that training sessions on the Code of Conduct were scheduled for September 2015, which served as a helpful reminder to Members of their duties; and that the complaints figures were discussed with political group leaders at the meeting in November 2015.

In relation to Quarter 3, it was noted that there had been a sharp decrease in the number of Member on Member complaints, although there were still a number of complaints from members of the public. Common themes remained the use of social media, treating people with respect and dealing with correspondence. The Committee noted that the retiring Standards Commissioner for the Assembly had suggested in his annual report that complaints about delays in dealing with correspondence were more related to performance, rather than strictly matters of ethical conduct, but this was becoming an increasingly common subject of complaint from members of the public. His view was that whilst it was difficult to set down prescriptive timescales for responding to correspondence, Members must be mindful that not responding to correspondence in a timely manner may impact upon the reputation of the organisation. The Monitoring Officer confirmed that the majority of complaints from members of the public were related more to performance issues rather than ethical conduct. The Committee were pleased to note that the Code of Conduct training sessions had been well attended by Members; and that the political group leaders had agreed that more should be done at a political level to resolve Member on Member complaints, in view of the disproportionate amount of officer time being taken up with resolving such complaints.

In relation to Quarter 4, it was observed that the numbers and trends were similar to Quarter 3, in that the number of Member on Member complaints remained low, and there were a similar number of complaints from members of the public. Several complaints related to planning applications and these had been reviewed with the Planning Committee Chair and planning officers to ensure that clear guidance is being provided to applicants and objectors about planning processes. Members of the Standards Committee also agreed to attend future Planning Committee meetings to observe proceedings. Other complaints related to timeliness in dealing with Members' correspondence, and in this regard, it was noted that additional resources had been agreed in the budget for the coming year to support Members with their casework. Several complaints related to compliance with the Ward Member Protocol and it was noted that this issue may become more significant during the pre-election period leading up to the May 2016 Assembly elections. The Monitoring Officer confirmed that guidance had been issued to all Members on the Pre-Election Period, including the use of Council resources during this period. It was noted that several complaints related to an ongoing dispute at a particular Community Council, which were being considered by the Ombudsman.

The total number of complaints received during 2015/16 (59 in total) showed a significant decrease from the total for the previous year, 2014/15 (96 in total). The

Committee agreed that the Local Resolution procedure continued to provide a useful means to informally resolve most Member on Member complaints, with referral to the Hearings Panel when necessary.

Standards & Ethics Committee Hearings Panels 2015/16

The Hearings Panel is a Sub-Committee of the Standards and Ethics Committee. It has responsibility to hear and determine any complaints that a Member has breached the Code of Conduct or a report of the Monitoring Officer. Complaints may come before the Hearings Panel in one of two ways:

- a) Referral by the Public Services Ombudsman for Wales under Part 3 of the Local Government Act 2000; or
- b) Referral by the Monitoring Officer under the Local Resolution Protocol adopted by the Council to deal with relatively minor “Member on Member” complaints.

The Hearings Panel considered only one complaint in 2015/16. That was a “Member on Member” complaint which was referred to it by the Monitoring Officer after an attempt to resolve the complaint informally was unsuccessful. The Panel found no breach of the Code of Conduct. However, the Panel advised the parties that any further escalation and continuation of their dispute would run the risk of bringing the office of an elected member and the Authority into disrepute.

The Hearings Panel Procedures were revised and updated in March 2016.

Future Priorities

The Committee regularly reviews its work programme and has identified the following priority areas for consideration in 2016/17.

- **Code of Conduct, Member Training and Development** – the Committee will oversee the delivery of learning and development update sessions for Members on the Code of Conduct in the autumn of 2016, aiming to reinforce the importance of the Code and promote good understanding of the principles and rules governing Members’ conduct. It is intended that these sessions should be repeated every year.
- **Member Induction May 2017** – in collaboration with Democratic Services Committee, the Committee will work on planning and implementing a programme of essential training and learning opportunities as part of the Members’ Development Programme 2017/18
- **Observation of Council and Committee Meetings** – the Committee will continue to observe proceedings at Council and Committee meetings to give feedback on observations and inform its work priorities.
- **Community Councils Charter** – the Committee will endeavour to facilitate the resolution of concerns so that the updated Charter can be agreed by all parties; and launch a communications plan to raise understanding and awareness within the Council of the role of Community Councils and support good working relationships.
- **Planning processes and procedures** – the Committee has indicated that it wishes to review planning processes and procedures to consider whether it is possible to improve public perceptions relating to openness and transparency.
- **Social Media** - To review the Members’ Guidance recommended by the Committee in July 2014
- **Provision of Hospitality; and Attendance at Conferences** – to review the Council’s procedures to ensure they demonstrate appropriate levels of probity and transparency.
- **Member Briefings** To publish biannual Member Briefings on the work of the Committee, underlining the importance of the Cardiff Undertaking and Member conduct and behaviour.

Committee Membership 2015/16

INDEPENDENT MEMBERS



**Richard Tebboth
(Chair)**

Richard Tebboth was born and brought up on the Essex edge of London – with a Welsh grandmother living nearby. He was educated at Sir George Monoux Grammar School, Walthamstow, and Christ's College, Cambridge. After professional social work training he entered the Probation Service, working as practitioner and manager in South Yorkshire, Buckinghamshire and the West Midlands. In 1997, he joined the Social Services Inspectorate for Wales, becoming Deputy Chief Inspector and Acting Chief Inspector. He transferred into the senior civil service, in the Welsh Government's Department for Public Service Improvement, until retirement in 2010.

Richard lives in Llandaff, where he is Secretary of his local Residents' Association. He was appointed as an Independent Member of the Standards and Ethics Committee in September 2011 and was appointed Chair on 21 October 2014.



**Dr James Downe
(Vice-Chair)**

James is a Reader in Public Management and Director of the Centre for Local & Regional Government Research at Cardiff Business School. He has more than fifteen years' experience of managing large-scale evaluations of public policy. His current research interests are in local government performance regimes, political accountability, public trust and the ethical behaviour of local politicians. He was a member of the UK Government's Expert Panel on local governance and currently sits on the Welsh Government's Public Service Scrutiny Reference Group. James is a trustee of CaST Cymru – a charity aiming to make a difference to children and their families through tackling inequality and building social inclusion.

James became an Independent Member of the Standards and Ethics Committee in November 2013 and was appointed Vice-Chair on 21 October 2014



Hollie Edwards- Davies

Hollie Edwards-Davies was brought up in Rhyl, North Wales and has lived in Riverside, Cardiff for 12 years. She studied for a LLB honours degree in Law with Legal Studies in Europe at the University of Reading, including a year in Germany at *Universität Trier*. She subsequently completed a degree in Applied Accounting by distance learning with Oxford Brookes University and continued her studies to become a member of the Association of Chartered Certified Accountants (ACCA) in 2010. Hollie served as Chair of the ACCA South Wales Members Network Panel between 2013 and 2015, and is still an active member of the network.

Following a variety of roles in the private sector and some voluntary work, Hollie worked at the Welsh Government for ten years and departed in 2015 to pursue a career change. She joined the Standards and Ethics Committee in July 2014.



Lizz Roe

Lizz Roe has worked in the third sector/education sector for the last 20 years. She has lived and worked all over the UK and moved to Cardiff in 2012 to marry her partner and stop commuting to Birmingham. She was previously a commissioner for the Women's National Commission and a trustee for the YWCA of GB and NI. She is a Quaker and has been very active in issues to do with environmental sustainability and equality, as well as having held various roles within the Quaker community nationally and locally.

Lizz is an independent member of the Standards and Ethics Committee and began her first term of office on 28 July 2014. She brings a commitment to the Nolan principles of public life in her work on the committee as well as in her personal and professional life.



Hugh Thomas

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. Hugh retired in 1995.

Since 1995 Hugh has 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. Currently, he is Chair of the Regulatory Board for Wales and one of fifteen trustees of The National Library of Wales.

COMMUNITY COUNCILLOR REPRESENTATIVE (CO-OPTED MEMBER)






**Community
Councillor
John Hughes**

John Hughes – a North Walian educated at Mold Alun Grammar School and, after developing his Insurance career in Chester and West Yorkshire, moved to Cardiff in 1972. John has practised in the Insurance industry for over 50 years, running his own Brokerage for 22 years. He has served St Fagans Community Council for over 23 years and was a former Chair of St Fagans Church in Wales Junior School. He was a Parochial Church Councillor and Organist of St Fagans Church for many years.

John also represents Community Councils in Cardiff on the National Executive Council of One Voice Wales. John was appointed as the Community Councillor representative to the Standards & Ethics Committee in 2008. He is currently involved in charitable organisations, a keen golfer and gardener.

COUNTY COUNCILLOR REPRESENTATIVES

 <p>Councillor Georgina Phillips</p>	<p>Councillor Georgina Phillips was born and bred in Cardiff and has lived in the Old St Mellons area of the city for over 20 years. She was re-elected as a Labour County Councillor for Pontprennau and Old St Mellons in May 2012, having previously represented the ward for nine years from 1999 to 2008. Cllr Phillips was appointed as a County Councillor representative to the Standards and Ethics Committee in May 2012. In 2016/17 Councillor Phillips will be Deputy Lord Mayor of the City & County Of Cardiff.</p> <p>Councillor Phillips has served on the Council's Planning Committee and Economy & Culture Scrutiny Committee. She is an appointed Council representative to the Willie Seager Memorial Homes Trust and, in turn, represents that body in a personal capacity on the South Wales Merchant Navy Welfare Board.</p>
 <p>Councillor Jayne Cowan</p>	<p>Councillor Jayne Cowan was born and educated in Cardiff and has been a Councillor for Cardiff for the Ward of Rhiwbina for 17 years. She was Deputy Lord Mayor in 2001–12; and chaired the Democratic Services Committee from 2012–2015 in her capacity as an Independent Councillor. Councillor Cowan re-joined the Conservative Party in July 2015.</p> <p>Councillor Cowan sits on the very interesting Glamorgan Archives Joint Committee and has been a Member of the Policy Review and Performance and Constitution Committees; has actively been involved in the Diversity in democracy welsh Government project to encourage and Mentor prospective candidates. As a Ward Councillor she is an active patron of the Chrysanthemum & Dahlia Society; Ambassador for Autism Puzzle and Rhiwbina RATS; an ambassador for Girl-guiding in Cardiff; the President of the St John Wales – Rhiwbina and Llanishen Division; and a Member of the Rhiwbina Festival Committee.</p>
 <p>Councillor Margaret Jones</p>	<p>Councillor Margaret Jones was born in Neath West Glamorgan and except for a short period in Lancashire has lived in Cardiff since 1974. IN 2004 after a long career in the Health Service she was elected to serve as a Liberal Democrat in the Grangetown Ward. In 2008 until present she was elected to the Cyncoed Ward.</p> <p>Councillor Jones served as Lord Mayor 2014-2015. She was an Executive Member for Environment in the last Administration. She has also served on Children and Young People, Adult Social Care and Environment Scrutiny Committees in the past and has also sat on Planning and Licensing Committees.</p> <p>Councillor Jones was appointed to the Standards and Ethics Committee in 2015 and is also a member of the Constitution Committee. She has also been a Governor at Cardiff High School.</p>

Attendance Record

The Committee has an agreed schedule of meetings with additional ad hoc meetings held as required. During 2015/16, the Standards and Ethics Committee met on the following dates:

- 21 April 2015
- 22 September 2015
- 15 December 2015
- 22 March 2016

COMMITTEE MEMBER	ATTENDANCE	
	POSSIBLE	ACTUAL
Richard Tebboth (Chair)	4	4
Dr James Downe (Vice-Chair)	4	3
Hollie Edwards-Davies	4	4
Lizz Roe	4	4
Hugh Thomas	4	3
Community Councillor John Hughes	4	4
Councillor Jayne Cowan	4	4
Councillor Margaret Jones	4	4
Councillor Georgina Phillips	4	4

Helpful Contacts

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Public Services Ombudsman for Wales – Mr Nick Bennett

Tel: 0300 790 0203

Email: ask@ombudsman-wales.org.uk

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD****COUNCIL: 29 SEPTEMBER 2016****CABINET PROPOSAL****AGENDA ITEM:****DIRECTOR OF SOCIAL SERVICES REPORT 2015-16 (ANNUAL COUNCIL REPORTING FRAMEWORK)****Reason for this Report**

1. The purpose of this report is for the Cabinet to receive the seventh 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 2015-16 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. This year, the focus has been on re-framing the report in response to feedback from Scrutiny Committees to ensure that it is outcome based and more reader-friendly.
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 will be submitted to the Care & Social Services Inspectorate, Wales (CSSIW). The Regulation and Inspection of Social Care (Wales) Act places the annual Director of Social Services' report on a statutory footing and, in preparation for these new arrangements, CSSIW will no longer produce an individual performance evaluation report for each council. Verbal feedback will be provided at a Performance Review

Meeting in September between CSSIW, the Director of Social Services and relevant (invited) elected member portfolio holders.

6. 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.
7. The priorities for action identified in the Annual Report are reflected in the Directorate Plan for Social Services for 2016-17.

Issues

8. As required by the ACRF the report was finalised as a result of engaging managers and staff in a structured challenge process.
9. 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. Last 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 a similar event with young people was held on 18th June 2016. Feedback from the event is included in the report.
10. Adult Services approached a number of stakeholder organisations including Age Connects and C3SC regarding the challenge process and they responded positively, being keen to engage and provide feedback. A draft version of the report was issued to these organisations and an overview of their feedback is included in the report.

Scrutiny Consideration

11. The draft Director's Report was considered at a joint meeting of the Children & Young People and Community & Adult Services Scrutiny Committees on 11 July 2016. A response to the recommendations from Scrutiny will be provided following receipt of their letter.

Reasons for Recommendations

12. To receive the Annual Report of the Director of Social Services for 2015-16 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

13. 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

14. There are no direct financial implications arising from this report.

CABINET PROPOSAL

Council is recommended to note the Annual Report of the Director of Social Services for 2015-16.

THE CABINET

29 September 2016

The following Appendix is attached:

Appendix 1: Director of Social Services Annual Report 2015-16

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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Director of Social Services
Annual Report
2015/16





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MESSAGE FROM CABINET MEMBERS

City of Cardiff Councillor Sue Lent, Deputy Leader and Cabinet Member for Early Years, Children and Families

City of Cardiff Councillor Susan Elsmore, Cabinet Member for Health, Housing and Wellbeing

We very much welcome this the 7th Annual Report of the Director of Social Services. As Cabinet Members with direct responsibility for Social Services, those who need care and support in our city are our first priority, and this is reflected in the importance given to Social Services by the Cabinet and the Council as a whole.

This report reflects the growing coherence, strength and effectiveness of Social Services in Cardiff, with a particular focus on the previous year, whilst acknowledging the scale and challenge of the journey ahead. We believe it important that the Director's Annual Report provides a publicly accountable picture of Social Services that recognizes strengths and weaknesses, and which enables us to know what we must focus on over the next three years in order to improve further; this report provides that balanced insight. It tells us that we have reason for greater confidence about the future but must remain resolutely focused on improving what we offer to those in our community who need care and support.



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 2015/16 year and is the result of a process of detailed analysis on a service by service basis, undertaken by Operational Managers in the Social Services Directorate. Each Operational Manager's analysis was then subject to a process of challenge that included testing out with staff teams.

I am pleased to be able to report that the City of Cardiff Council continues to improve in key areas of Social Services despite severe financial pressures. Services for vulnerable adults and children remain a clear priority for the City of Cardiff Council and the Council continues to afford Social Services a degree of budget protection.

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. 2015/16 has been marked by the amalgamation of the Adults and Children's Directorates into a single Social Services entity providing the opportunity for greater coherence in policy and practice and for more effective delivery. Our detailed planning in preparation for the Social Services & Wellbeing (Wales) Act 2014 has initiated a tangible cultural shift in our approach to the delivery of care and support. Finally, our strong strategic focus on service improvement has brought about the kind of results in terms of inspection outcomes that increase confidence about the prospects for even better performance in the future.

At the time of writing the new Social Services Directorate is in effect only seven months old and although much work needs to be done to unify services to children and adults around the new Social Services & Wellbeing (Wales) Act 2014, good early progress has been achieved in refocusing the Directorate senior management team around **3 Key Commitments and strategic aims:**

- **Home First** – we will maximise opportunities to support children and adults in their homes where it is safe to do so, avoiding unnecessary intervention or care.
- **What Matters to Me** – we will ensure that what is important to those who may need care and support is at the centre of our needs assessment approach and all individual plans. The voices of children, adults and their carers and families will be treated with respect and will drive everything that we do so long as this is consistent with the safety of those in need of care and support.
- **Affordable Futures** – we will ensure that our longer term strategies, commissioning and service design maximises the affordability of care and support provision so that we can continue to support the most vulnerable in the community in the context of a reducing budget base.

Meanwhile, work to create an effective Central Business Unit that brings together cross cutting functions and enables us to deliver on these commitments is underway and will be finalised in early 2016/17.



The implementation of the **Social Services & Wellbeing (Wales) Act 2014** with effect from 6th April 2016 means that for all Councils and their partners across Wales, 2016/17 will be a transitional year, and that the report for 2016/17 will be more closely aligned to the six areas that the new the National Outcomes Framework requires all Councils to focus on:

1. **Protection from abuse and neglect**
2. **Domestic, family and personal relationships**
3. **Physical and mental health and emotional wellbeing**
4. **Education, training and recreation**
5. **Securing rights and entitlements**
6. **Social and economic wellbeing**

Cardiff Social Services Key Outcomes

Meanwhile however, in light both of the new outcome based performance framework that will be implemented during 2016/17 as part of the Social Services & Wellbeing (Wales) Act 2014 and feedback in 2015 from the Council's Joint Scrutiny Committee, we have taken the opportunity to prepare this report on the basis of 6 key outcomes. Although not directly taken from the Act these are the 6 outcomes that have shaped much of the Directorate's work during 2015/16 and provide the basis for driving the 2016/17 Social Services Directorate Delivery Plan. This report is structured around, and focusses on, these outcomes. Additional information for each outcome is provided in the Appendices that start on page 38 of the report.

1. **Safeguarding** - Children and adults are protected from significant harm and are empowered to protect themselves
2. **Prevention & Independence** - Children, young people and adults are supported to live safely and independently within their families and communities with the lowest appropriate level of intervention
3. **Care & Support** - Adults and looked after children experience the best care and support to help them recognise their abilities, have aspirations and achieve what matters to them
4. **Transition** - Young people have the necessary skills and support to prepare them and their carers for a smooth transition to adult life and optimum independence
5. **Workforce** - Cardiff is the destination of choice for committed social work and social care professionals
6. **Resources** - Social Services are provided on the basis of the most efficient and effective use of resources



Although technical in nature the report also highlights key messages about how we are performing. A more accessible executive summary will be 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 **281,207** adults aged 18 and over. Of these, **2,539** are in receipt of services from Children's Services and **7,771** are in receipt of services from Adult Services 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, go on to live independent lives.

Young person quote:

"Thank you very much for being there for me when times go pear shaped."

Family interview feedback from Inspection:

"The father was very happy with the service he had received. He believed that he had been treated fairly and with respect he was kept well informed of decision making and planning for his son. The rehabilitation plan was well implemented which was clear from the young child's evident wellbeing."

Social worker quote re: foster carer:

"I can't fault the standard of care that T and S have provided F with during my time as her keyworker ... I would be happy to place another child in their care and look forward to working with them again in the future."

Children's Services social worker quote:

"It's been a really positive experience as a newly qualified social worker in Cardiff; I feel well supported and am staying here for the foreseeable future."

Professional quote (Solicitor):

"Please would you pass on my gratitude and praise to Senior Management for the quality of the social work undertaken by R. R also presented her evidence in a clear, concise and reasoned manner which was no doubt appreciated by the Court."

Adult Services user quote:

Age Connects - Healthy Active Partnerships (HAPS) Feedback
"I discovered I still had a voice."

Adult carer quote:

"Identifying the needs of my husband and, putting in place services that help improve both his and my quality of life."

Adult Services user quote from Inspection:

"Staff listened" and offered choice; "cannot praise them enough".



Children's Services received **30,747** contacts in 2015/16, of which **3,872** became referrals. **644** children were being looked after at 31st March 2016, and **341** were included on the Child Protection Register.

Adult Services received **7,898** enquiries and **460** Protection of Vulnerable Adult referrals during 2015/16. **8,285** adults were assessed or reviewed during the year and **7,771** were in receipt of services as at 31st March 2016, of which **1,074** were receiving residential and nursing care, **3,464** were living at home with social care packages and **3,233** were receiving other services including:

- 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.
- Cases pending closure on the client record system.

Views of Service Users

Children and young people were directly consulted on the content of a draft version of the report. Six regional and Cardiff wide organisations representing a cross section of Adult Services users were invited to complete a challenge survey.

Taken together, the overall responses from adults and children / young people to the consultation welcomed the opportunity to comment and the majority of respondents found the report accessible and informative with some recommendations for extending opportunities to consult more fully in future.

For further information please see [Appendix 7 Views of Service Users](#) on page 69.



CARDIFF SOCIAL SERVICES PERFORMANCE

In relation to **Children's Services**, during 2015/16 the focus continued to be 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.

Across the Directorate as a whole, performance against a number of national PIs that are designated as National Strategic Indicators (NSIs) and Performance Accountability Measures (PAMs) was encouraging. Of the 13 indicators that saw a decline in performance in 2014/15, 10 improved in 2015/16. Areas for improvement have been identified and include the following:

- **Rate of delayed transfers of care** - declined from 10.92 in 2014/15 to 11.18 in 2015/16 and did not meet target of 5.92. However, at the end of the year there was a 24% reduction in the number of Delayed Transfers of Care, when compared to the previous year. The Community Resource Teams moved to a 7 day working week to enable weekend discharges, and our Housing resettlement officers continued to support discharges from hospital.
- **Rate of older people (aged 65 or over) supported in the community** - declined from 44.06 in 2014/15 to 41.53 in 2015/16 and did not meet target of 47. We originally selected this performance measure to demonstrate supporting people in the Community. However, the Council's Policy now focusses on a preventative agenda, signposting service users to community based independent living solutions as opposed to traditional packages of care. We launched the First Point of Contact (FPOC) in October 2015, and 1,052 cases were resolved at FPOC where alternative outcomes for Independent Living were identified to allow people to remain within their own home.
- **Percentage of statutory visits to looked after children due in the year that took place in accordance with regulations** - declined from 88.9% in 2014/15 to 86.6% in 2015/16 and did not meet target of 92%. Regular monitoring reports for managers in the Looked After Children Service were introduced in January and the benefit of this is evident in the Quarter 4 result. It is anticipated that the ongoing provision of these reports will support continued improvement in 2016/17 as this area of work is receiving close scrutiny and monitoring by managers on a weekly basis.
- **Percentage of young people formerly looked after with whom the authority is in contact, who are known to be in suitable, non-emergency accommodation at the age of 19** - declined from 91.2% in 2014/15 to 85.7% in 2015/16 and did not meet target of 96%. 9 young people were not considered to be in suitable non-emergency accommodation at 19, 4 of whom were in custody. In all other instances where a young person is in accommodation that is deemed unsuitable, Personal Advisers work with them to offer accommodation options that resolve this situation. However, ultimately, the young people



make their own choices and often refuse options that are deemed to be more suitable. The new accommodation project (Young Person's Housing Gateway) that was initiated as part of the Organisational Development Programme in 2015/16 has improved accommodation offers for young people and we would expect this to impact more significantly for this group of young people during the forthcoming year.

- **Percentage of young people formerly looked after with whom the authority is in contact, who are known to be engaged in education, training or employment (EET) at the age of 19** - declined from 56.1% in 2014/15 to 52.4% in 2015/16 and did not meet target of 58%. The Looked After Children Trainee Scheme has gone from strength to strength. Over the year 31 young people have had experience of work through Cardiff Council as trainees compared with 5 in 2014/15. This year corporate apprenticeships were offered to 2 young people as a result of their work as trainees and a total of 15 staff across the Council have been trained as youth mentors. It is anticipated that the impact of this scheme for care leavers at 19 will become evident as the young people benefitting from the scheme reach the age of 19.

As a result of the Social Services & Wellbeing (Wales) Act 2014 the NSIs and PAMs have been replaced by a new set of quantitative measures that will be complemented by a set of qualitative measures. As in all Social Services Directorates across Wales, 2016/17 will be a benchmarking year for the Directorate and performance during 2016/17 will set a baseline for targeting in future years.

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 2014/15 outturn, 30 performance indicators (PIs) evidenced improvement in 2015/16. That said, it is not yet as good as it needs to be and the Social Services Directorate will need to build on this platform to ensure much stronger performance in 2016/17 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 2015/16 compared to local targets	19 on target	14 below target; above threshold for manager intervention	12 below threshold for manager intervention	9 not appropriate for target setting
Cardiff performance 2015/16 compared to 2014/15	30 improved	8 static	13 declined	3 not appropriate for comparison
Cardiff performance 2015/16 compared to Benchmark Group 2014/15	16 above	6 the same	28 below	4 not appropriate / available for benchmarking
Cardiff 2015/16 compared to Wales Average 2014/15	19 above	3 the same	28 below	4 not appropriate / available for benchmarking

SERVICES FOR ADULTS

NATIONAL PERFORMANCE INDICATORS – ADULT SERVICES				
Cardiff performance 2015/16 compared to local targets	2 on target	1 below target; above threshold for manager intervention	1 below threshold for manager intervention	3 not appropriate for targeting
Cardiff performance 2015/16 compared to 2014/15	4 improved	0 static	1 declined	2 not appropriate for comparison
Cardiff performance 2015/16 compared to Benchmark Group 2014/15	3 above	0 the same	2 below	2 not appropriate for benchmarking
Cardiff 2015/16 compared to Wales Average 2014/15	3 above	0 the same	2 below	2 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 2015/16 the main focus of Adult Services has been to help people to live independently, enabling vulnerable people to develop the skills they need to live on their own, supporting them with reasonable adaptations to their homes and providing services in a way that meets their needs and outcomes.



This focus included:

- Number of adults in receipt of Direct Payments increased from 550 as at 31st March 2015 to 615 as at 31st March 2016.
- Percentage of people helped back to independence without ongoing services, through short term intervention was 72.6% (488 / 672) exceeded the target of 65%.
- Number of carers (of adults) aged 18 or over known to social services who were offered an assessment or review of their needs increased from 64.4% (2,079 / 3,229) in 2014/15 to 76.8% (2,735 / 3,562) in 2015/16.
- Number of completed carers assessments increased from 596 in 2014/15 to 771 in 2015/16.
- Rate of older people whom the authority supports in care homes per 1,000 of population as at 31st March 2016 met the target of 18 – the result for 2015/16 was 17.6 (859 / 48,789).

SERVICES FOR CHILDREN

NATIONAL PERFORMANCE INDICATORS – CHILDREN’S SERVICES				
Cardiff performance 2015/16 compared to local targets	17 on target	13 below target; above threshold for manager intervention	11 below threshold for manager intervention	6 not appropriate for target setting
Cardiff performance 2015/16 compared to 2014/15	26 improved	8 static	12 declined	1 not appropriate for comparison
Cardiff performance 2015/16 compared to Benchmark Group 2014/15	13 above	6 the same	26 below	1 not appropriate / available for benchmarking
Cardiff 2015/16 compared to Wales Average 2014/15	16 above	3 the same	26 below	2 not appropriate / available for benchmarking

KEY MESSAGE – Children’s Services remains a top priority for the Council, receiving strong support from the Cabinet and the Chief Executive. During 2015/16 the service has focussed on progressing key areas of strategic development, particularly around prevention and integration whilst sustaining work to improve practice on the ground.

2015/16 was a year of significant activity within Children’s Services with the launch of the Early Help Strategy and development of a Child Sexual Exploitation Strategy and Corporate Parenting Strategy. In addition to this, progress has been made towards the implementation of a Multi Agency Safeguarding Hub (MASH) in 2016/17 and the groundwork has been made towards moving to a new model of service delivery in 2017/18. The overall picture is one of improvement, with improved performance reported against 26 national performance indicators.

Areas that were prioritised during the year include:

- Timeliness of initial assessments - increased to 77.3% (2,754 / 3,561) from 50.6% (2,044 / 4,042) in 2014/15.
- Timeliness of core assessments - increased to 76.6% (1,444 / 1,886) from 61.0% (1,392 / 2,281) in 2014/15.
- Timeliness of initial child protection reviews – increased to 94.4% (526 / 557) from 90.7% (486 / 536) in 2014/15.
- Timeliness of looked after children reviews – increased to 94.5% (1,676 / 1,774) from 88.3% (1,571 / 1,779) in 2014/15.

During the year there was a continued focus on recruitment and retention – the percentage of social worker vacancies reduced to 22.2% from 27.2% in 2014/15. The recruitment campaign is ongoing and agreement has been reached that when all vacancies have been filled, Children’s Services will continue to recruit to a “pool” of additional social workers. This will enable the service to maintain consistency of service provision and caseloads whilst managing healthy staff turnover without needing to rely on expensive agency social workers.

INSPECTION OUTCOMES

More significant was the whole service inspection by the Care and Social Services Inspectorate Wales (CSSIW) of **Children’s Services** that was undertaken during January 2016. Given the scale and depth of the challenges we faced in the previous two years, this inspection was to be a significant test of our improvement programme. The outcome of the inspection provided a strong and reassuring endorsement of our overall approach and direction. As the following summary of key messages indicates, the inspectorate’s judgement also reinforces the need to continue the journey and strengthen the focus in important areas.

Inspection Context - Summary of Findings



Providing Direction

- Strong corporate support for Children’s Services.
- Scrutiny arrangements had been strengthened.
- Partner agencies were well engaged strategically.
- Clear strategic direction articulated for Children’s Services.

Delivering Social Services

- Investment in workforce planning had resulted in improvement in the ability to recruit suitably qualified and experienced staff.
- Staff morale was generally positive.
- Performance management was well embedded; QA was inconsistent.

Shaping Services

- High demand for family support services & volume of contacts to CS was marked.
- Corporate & senior officers evidenced good strategic preparation for SS&W Act.

Access Arrangements

- Arrangements for managing contacts and referrals were well organised and mainly effective.

Assessment & Care Management

- Needs of the child were kept at the forefront of assessments but recording of children’s and families’ views was inconsistent.

Inspection Context - Summary of Key Recommendations

- Continue the strong political and corporate support for Children's Services.
- Fully implement the Workforce Strategy.
- Consider how to increase opportunities to engage staff in development and transformation of services; and for the voices of children and families to be included in service planning.
- Systematically implement the Quality Assurance Framework.
- Review arrangements to ensure services can meet the needs of children and young people, particularly for those being subjected to domestic violence.
- Develop a range of user-friendly information and make it easily accessible for families, children and young people.
- Work with partners to agree a shared understanding of the threshold for statutory services.
- Review arrangements for Children's Services staff to access information held on parents who are users of Adult Services.
- Improve quality of plans - to be more outcome-focused.
- Complete work to agree a model of risk assessment.
- Give more emphasis to recording views of children, young people and families.
- Review the use of written agreements.



Youth Offending a 3 Star Service

Within the same 3 month period Her Majesty's Inspectorate of Probation undertook a whole service inspection of our Youth Offending Service and judged it to be a 3 star service overall, including the following key messages and challenges:

- **Reducing re-offending** – good quality work.
- **Protecting the public** – good court work but more focus on assessing risk of harm to others.
- **Protecting children** – good assessments and joint work but Child and Adolescent Mental Health Services (CAMHS) too limited.
- **Ensuring sentence is served** – good support to children; good attention to diversity but bilingual support needs attention.
- **Governance** – good partnership services and practitioners but need to strengthen partnership governance.

“A good basis for the future” – Lead Inspector.

Domiciliary Care

Messages from CSSIW in relation to **Adult Domiciliary Care** were similarly encouraging and included the following headlines both in terms of both strengths and weaknesses:

In relation to commissioned care:

- Good provider relationships.
- High user satisfaction.
- Matrix delivering benefits in terms of efficiency and quality.
- Increasing demand and shrinking supply.
- Workforce recruitment and retention problematic.

In relation to the Council's In-House Service:

“People using the service receive reliable and improving service that will meet their needs”.

“Staff listened” and offered choice; “cannot praise them enough”.

- Care ‘not rushed’ – able to talk.

- Focused on outcomes and independence.
- Competent and confident staff.
- Clear leadership structure and good communication.

“More than Just Words” / “Mwy na Geiriau”



The introduction of the Welsh Language Standards has resulted in more corporate responsibility for ensuring provision of bilingual services both in social care and the council as a whole. The legislation behind the Welsh Language Standards has helped to reinforce the important requirements of Mwy na Geiriau. The new Follow-on Strategy for Mwy na Geiriau and its action plan for 2016-19 links each of its objectives to the relevant part of the Welsh Language Standards. This leaves the Social Services Directorate to focus on the importance of language need and the active offer in the field of social services, with an emphasis on supporting the staff to be able to meet the requirements of both the Mwy na Geiriau and the Welsh Language Standards.

Achievements over 2015/16

- ✓ Communication of corporate guidance on the Welsh Language Standards to all Social Services Staff and to managers with specific responsibilities.
- ✓ Delivered half day training sessions on Welsh Language Awareness with an emphasis on Mwy na Geiriau / More than Just Words to 45 managers from Adult and Children’s Services (totalling 85 Social Services managers over two years).
- ✓ Delivered presentations to independent care provider managers on the expectations of the Strategy and the Welsh Language Standards. Also, held sessions on the importance of Welsh Language need in social care, with undergraduates on the social work degree course at Cardiff University and Cardiff Metropolitan University.
- ✓ Welsh Language Skills assessments have been completed for staff in Adult Services and we are working towards full completion in Children’s Services.
- ✓ Worked with an independent Welsh tutor to put together a training programme of basic Welsh for care staff in domiciliary care.
- ✓ Work undertaken on electronic record system (CareFirst) to ensure that language preference can be recorded and progress made towards recording the Active Offer.
- ✓ Working with the commissioning team to ensure that the use of Welsh language is now included in the monitoring of care homes. Monitoring already exists for domiciliary care services through customer satisfaction surveys. We are currently looking at the legal implications of the independent sector compliance and the wider issues of commissioning for all care services.

The key priority for 2016/17 will be working towards the completion of awareness raising for all staff in Social Services.

FUTURE CHALLENGES

Top challenges facing Cardiff Social Services:

- 1** Implementation of the Social Services & Wellbeing (Wales) Act 2014.
- 2** Realisation of identified savings.
- 3** Progressing key areas of integrated development on a regional basis with the Vale of Glamorgan, the University Health Board and partners.
- 4** Implementing the Multi Agency Safeguarding Hub.

Top challenges facing Children's Services:

- 1** Implementing the Early Help Strategy.
- 2** Implementing and embedding a Quality Assurance Framework.
- 3** Achieving a shift in culture towards the preventative agenda.
- 4** Strategic commissioning agenda.
- 5** Managing and implementing change whilst maintaining workforce stability – including Social Services & Wellbeing (Wales) Act 2014, remodelling Children's Services, Multi Agency Safeguarding Hub, Agile Mobile Working.

Top challenges facing Adult Services:

- 1** Making integration with Health partners a reality in the delivery of services to vulnerable adults in the community.
- 2** Agreeing and implementing a coherent, systemic solution to Delayed Transfers of Care pressures.

SUMMARY OF ACHIEVEMENTS 2015/16

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:

- ✓ Launch of Early Help Strategy to ensure timely services are provided at the lowest possible level to meet need.
- ✓ Development of Corporate Parenting Strategy to ensure that the Council and partners collectively fulfil their responsibilities to all children and young people who are in their care by seeking exactly the same positive outcomes that every good parent would want for their own children.
- ✓ Creation of strategic roles in relation to Child Sexual Exploitation and Change Management providing focussed resource to support the implementation of change in key areas.
- ✓ Commitment and stronger / more transparent approach to integration – Multi Agency Safeguarding Hub, children with disabilities – to improve services to children and families.
- ✓ Improved achievement of permanency for children (timeliness of finalising cases in proceedings) in order to improve stability and provide children with a sense of security, continuity, commitment, identity and belonging.
- ✓ Work towards mobilisation of social work services to enable social workers to access information and systems regardless of time or location. Mobilisation reduces the limitations of office based working and the requirement to return to the office, thereby improving the way services are delivered and reducing the time taken to put services in place. This ultimately improves the customer's journey and experience.
- ✓ Corporate support for Foster Carer Recruitment Strategy to increase the pool of in house foster carers in Cardiff. The intended impact is to enable more looked after children to be placed in Cardiff and reduce reliance on expensive out of area agency placements.
- ✓ Achievement of Looked After Children Traineeship Scheme offering work placement opportunities to looked after children and care leavers.
- ✓ A very positive whole service inspection outcome for Children's Services providing a strong platform for taking the service to the next level.
- ✓ Two positive inspections of Domiciliary Care – commissioned and in house.
- ✓ Improvements in the percentage of known carers aged 18 and above who were offered an assessment of need in their own right, providing support to carers in their task.
- ✓ Increase in the number of people supported to live independently in their own home enabling potentially vulnerable people to develop the skills they need to live on their own, supporting them with reasonable adaptation to their homes and providing more preventative services before their needs become critical.
- ✓ Reconfiguration of Assessment, Case Management and Review teams to maximise capacity to ensure staffing is at an appropriate level for each team and that demand can be met.



- ✓ Community Work Project established by the Assessment and Reintegration in the Community Service to help service users maintain and build on their independence, by collaborating with local people who can connect them to existing opportunities.
- ✓ New build scheme started in 2015/16 as an extension of the existing Dol Y Hafren accommodation and care scheme to create additional units of housing. Once completed care and support will be offered from the on site care team 24 hours a day, 7 days a week.
- ✓ Currently providing a Mental Health Floating Support service to 8 individuals to enable people to live independently while being supported toward recovery.
- ✓ 8 people have been returned via the 'Closer to Home Project' enabling them to remain in their own homes and communities.
- ✓ The successful retendering of the external Supported Living Service contract and the smooth transition of 294 Learning Disability service users transferring onto the new supported living contract was completed in August 2015. The new contract award has met identified needs and delivered high quality provision at a lower overall cost.
- ✓ The Substance Misuse team has worked closely with Health to develop and establish an integrated approach for people with Alcohol Related Brain Damage (ARBD).
- ✓ Contributed to, implemented and delivered the ongoing Regional Collaboration Fund and Intermediate Care Fund Projects with Health and the Vale of Glamorgan including Single Point of Access, Preventative Interventions, Accommodation Solutions and Discharge to Assess.
- ✓ Delayed Transfer of Care (DToC) Improvement Group established with key partners to improve patient flow. A 56% reduction in the number of delayed transfers between January 2015 and January 2016.
- ✓ Community Resource Teams moved to 7 day working in November 2015 to provide a weekend discharge service.
- ✓ Strategy for Older People's Day Opportunities completed and agreed by Council in February 2016 developed in partnership with Housing colleagues. The Strategy aims to prevent social isolation by enabling older people to achieve their chosen outcomes by providing information, assistance and in some cases supporting the most vulnerable through high quality specialist day services.
- ✓ Commissioning of a pilot project managed by Age Connects (Healthy Active Partnerships) to deliver a volunteer-based model of service to address the issue of social isolation and to support older people to be more engaged within their communities.
- ✓ Adult Social Care Commissioning Opportunities Board established with the regular monitoring of status reports allowing robust and ongoing scrutiny of commissioning savings.

OUTCOME 1 – SAFEGUARDING

Children and adults are protected from significant harm and are empowered to protect themselves

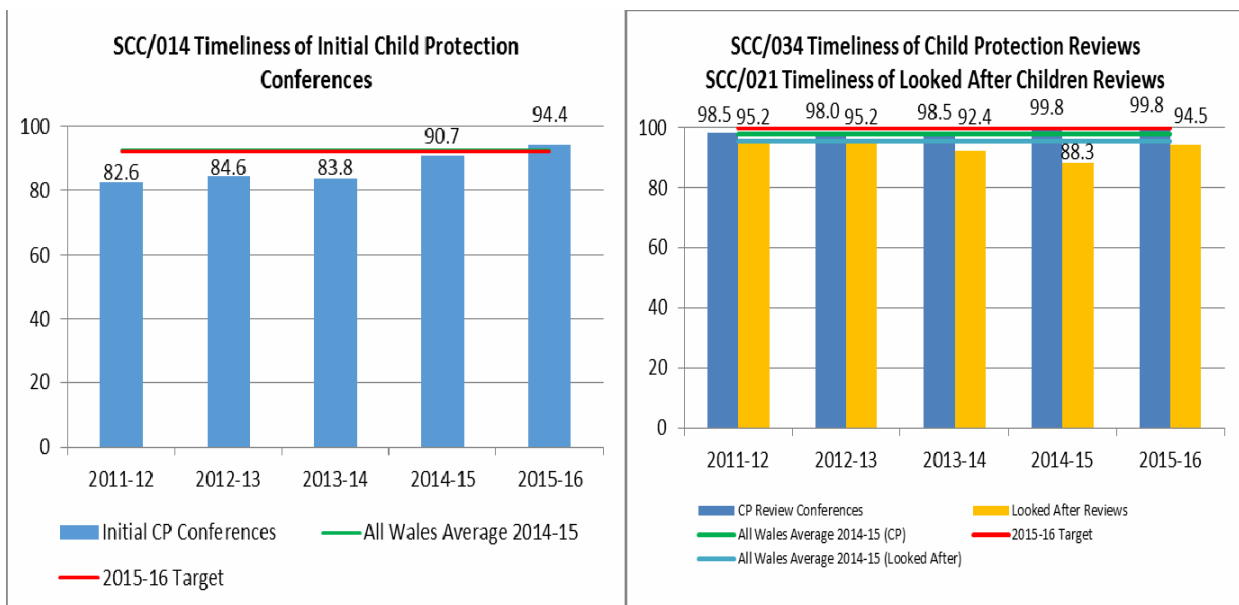
Outcomes achieved:

- ✓ Children in need of protection receive a timely and effective service to keep them safe
- ✓ Early recognition and intervention in response to Child Sexual Exploitation
- ✓ Adults receive improved quality nursing and domiciliary care

Despite challenges around senior management stability during the year, staff across the three disciplines (Children’s Services, Adult Services and Education) remained consistently committed to improving outcomes for children and adults. This is reflected in the improvement in timeliness of initial child protection conferences and looked after children reviews.

How much and how well did we do?

- Number of initial child protection conferences due = 557
- Number of child protection reviews due = 1,019
- Number of looked after children reviews due = 1,774



The recent Care & Social Services Inspectorate, Wales (CSSIW) inspection report regarding Childrens Services reported that children in need of protection receive a timely and effective service to keep them safe.



Child Sexual Exploitation (CSE)

The number of CSE referrals accepted and considered at CSE strategy meetings has increased from 4 in October 2015 to 10 in March 2016 as a result of training for frontline staff. The low numbers are not a reliable basis for fully understanding the picture, but the increase suggests that staff are recognising CSE and promoting early intervention more effectively.

Escalating Concerns Procedures

Appropriate application of Adult Services escalating concerns procedures during 2015/16 supported improvement in the quality of care in nursing and domiciliary care. One (domiciliary) provider successfully implemented an action plan to improve quality and was taken off the escalating concerns process. No providers had their registration removed, and seven were ongoing at 31st March 2016. A consequence of placing providers on escalating concerns is that capacity in the market is reduced for the duration of the process.

For further information on Safeguarding, please refer to Appendix 1 – Safeguarding Detail.

Priority Improvement Actions for 2016/17

- Implement the Cardiff Child Sexual Exploitation (CSE) Strategy in collaboration with partners by March 2017 to do everything possible to prevent CSE, protect and support those affected by CSE and tackle perpetrators.
- Improve the system for protecting children from significant harm by implementing new Multi Agency Safeguarding Hub (MASH) arrangements for managing referrals by June 2016.
- Implement and embed the Early Help Strategy during the 2016/17 financial year working with schools and other agencies to ensure that:
 - Referrals are directed to the appropriate agency
 - Children are supported at the earliest opportunity
 - The number of looked after children and the overall rate of looked after admissions begins to reduce.
- Work to make Cardiff a recognised Dementia Friendly City by March 2018 to support those affected by dementia, enabling them to contribute to, and participate in, mainstream society.
- Implement the new requirements of the Social Services & Wellbeing (Wales) Act 2014 with regard to Adult Safeguarding by:
 - Implementing new Adult Protection and Support Order(s) and
 - Establishing a new Safeguarding Adults Board.



OUTCOME 2 – PREVENTION & INDEPENDENCE

Children, young people and adults are supported to live safely within their families and communities, with the lowest appropriate level of intervention

Outcomes achieved:

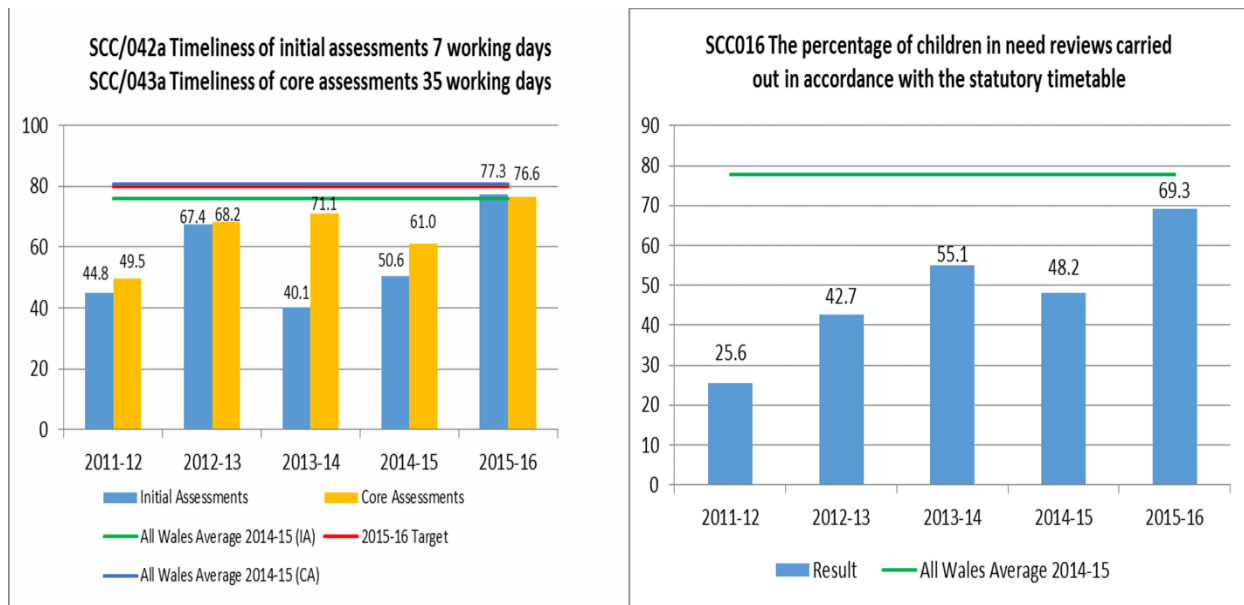
- ✓ Children receive more effective interventions which prevent delay and lead to better outcomes for children
- ✓ Early Help Strategy developed with partners and launched to ensure timely services are provided at the lowest possible level and at the right time for families wherever they live in Cardiff
 - Rapid Response pilot prevented 21 children from becoming looked after in September 2015 with estimated savings of up to £78k.
- ✓ 1,052 people receiving support at the appropriate level by being diverted from Social Services intervention
- ✓ 76% of people helped back to independence without ongoing care services, through short term intervention
- ✓ People using the Council's in house domiciliary care service receive a reliable and improving service that will meet their needs
- ✓ 65 more people experiencing greater control over their lives and the opportunity to make their own decisions about how their care is delivered via Direct Payments
- ✓ 56% reduction in number of delayed transfers of care between January 2015 and January 2016
- ✓ Carers needs are better understood by the service and by the carers themselves, enabling the needs to be met more effectively
- ✓ People with dementia receive better support

Children and Young People

As a result of focussed attention from staff and managers there was significant improvement in relation to key performance indicators in this area over the course of the year. The improved timeliness of initial assessments, core assessments and child in need reviews will allow for more effective intervention which will prevent delay and lead to better outcomes for children.

How much and how well did we do?

- Number of initial assessments = 3,561
- Number of core assessments = 1,886
- Number of child in need reviews = 3,220



Early Help Strategy

The Early Help Strategy was developed with partners and launched in October 2015 to ensure timely services are provided at the lowest possible level and at the right time for families wherever they live in Cardiff. This was the culmination of the work of the multi-agency Early Intervention & Prevention Steering Group.

The focus of the Strategy is on identifying and working with children in need of support before they become eligible for statutory interventions. For children already within Social Services remit the aim is to prevent them becoming looked after or to return them home in a timely way.

The Joint Assessment Family Framework (JAFF) is a vehicle to help agencies to assess need and respond in a timely way. The JAFF is currently being piloted with a number of schools and voluntary agencies. Lessons learned from pilot will shape future JAFF and Family Plan.

Significant work has been undertaken within the context of the Early Help Strategy to design and develop an Adolescent Resource Centre. This project aims to design a scheme that targets 11-16 year olds who are on the brink of becoming looked after. The approach will offer parenting support as well as behaviour support to young people using evidenced-based interventions. There will be a focus on prevention or reduction of offending behaviour, achieving better education outcomes and promoting positive leisure opportunities such as the Duke of Edinburgh Award. The scheme will offer an intensive phase that prevents the young person becoming looked after and a longer-term maintenance phase that will support the young person and their parents or carers to sustain the positive changes they have made. Premises have been secured, post creation commenced and a model for psychology input has been agreed with Health.

A "Rapid Response" project was piloted during the year which focused on intervening early to prevent children becoming accommodated. This project prevented 21 children from becoming



looked after in September 2015 with estimated savings of up to £78k. As a result, the pilot has been extended into 2016.

Through our relationship with Disability Team Around the Family (DTAF) we are taking an early intervention approach to supporting our disabled children through the Early Help Strategy. This is to ensure that disabled children receive support at the right time to prevent them from needing Social Services intervention.

Adults

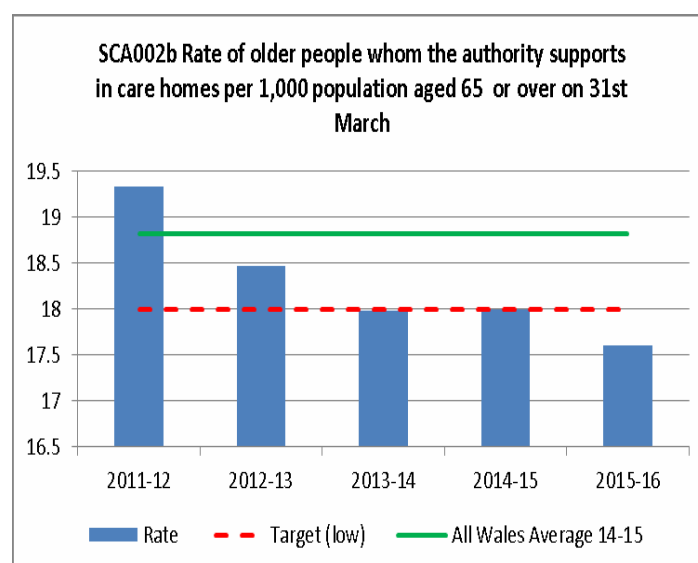
Increasing the number of people who are able to remain at home

First Point of Contact was launched on 1st October 2015 to respond to enquiries in the Independent Living Services, Health and Social Care. First Point of Contact works within the Social Services & Wellbeing (Wales) Act 2014 as a telephony triage service that is the first stage in finding alternative solutions via outcome focussed conversations. The service resolved 1,052 cases including low level issues through the provision of signposting, information and advice, as well as more complex cases that are referred to Independent Living Officers who are able to provide holistic assessments, thereby diverting these people from Social Services interventions.

During 2015/16 the number of people supported to live independently in their own home in receipt of community based services was 7,630. A new Gateway for the Independent Living Service was established employing a holistic approach and enabling service users to remain independent and in their own homes.

The recent Care & Social Services Inspectorate, Wales (CSSIW) report regarding domiciliary care reported that people using the Council's in house domiciliary care service receive a reliable and improving service that will meet their needs.

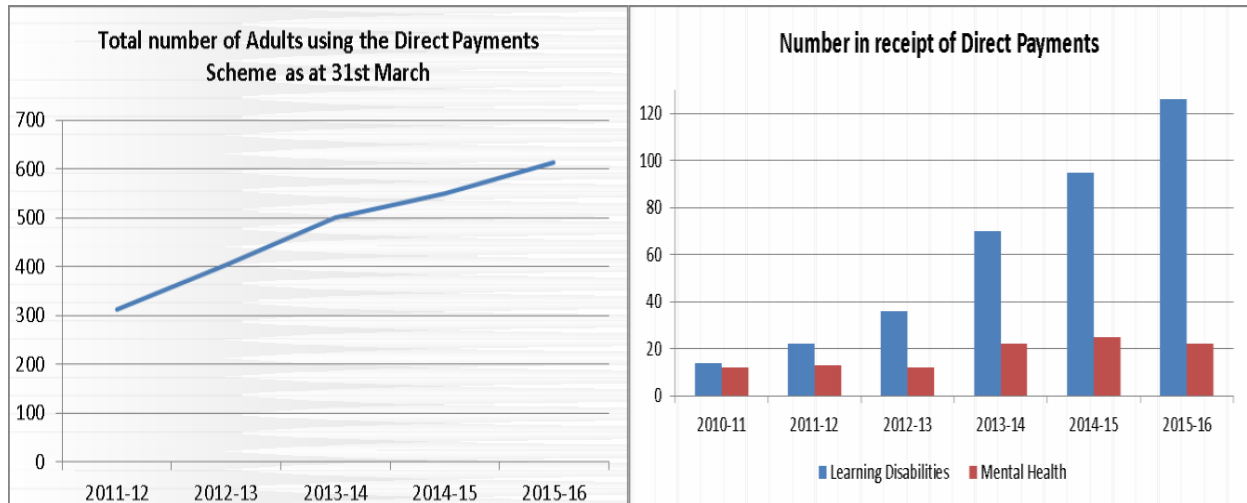
76.2% of people who received reablement did not require a social care package.





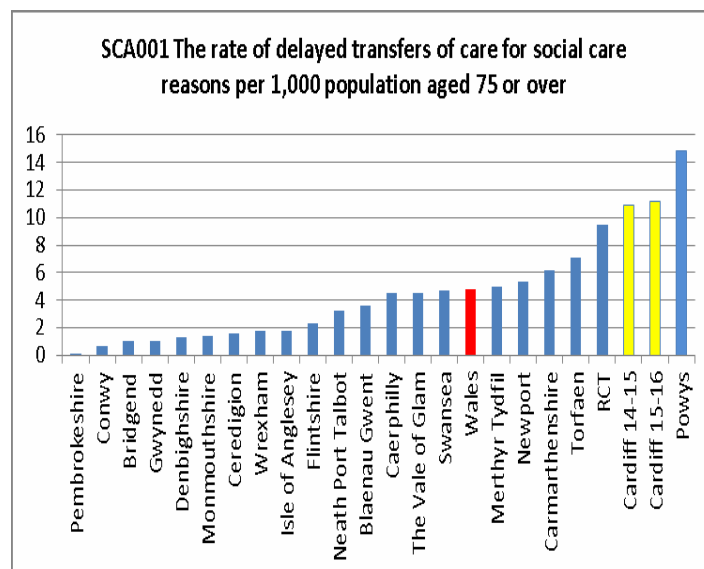
Increase the uptake of Direct Payments

Overall take up of Direct Payments by adults has improved over the year increasing by 11.8% to 615 as at 31st March 2016. This is a 23% increase in take up over the last 3 years (from 501 in 2013/14). During 2015/16, 197 people started Direct Payments and 83 ceased (of which, the main reasons were deceased and admission to care homes).



Work with our health partners to reduce Delayed Transfer of Care

The total number of Delayed Transfers of Care (DToc) for 2015/16 was 263 compared to 254 for the same period in 2014/15. DToc remains a national issue as the low capacity within the domiciliary care market remains a challenge for many Local Authorities across Wales. This problem has been further compounded during 2015/16 where the authority (following statutory guidance) has had concerns / issues relating to the operation of a care agency or home and as a result provision has been suspended, further reducing supply in the market. The Directorate will continue to hold workshops with providers and market place events to stimulate interest and capacity in the market.





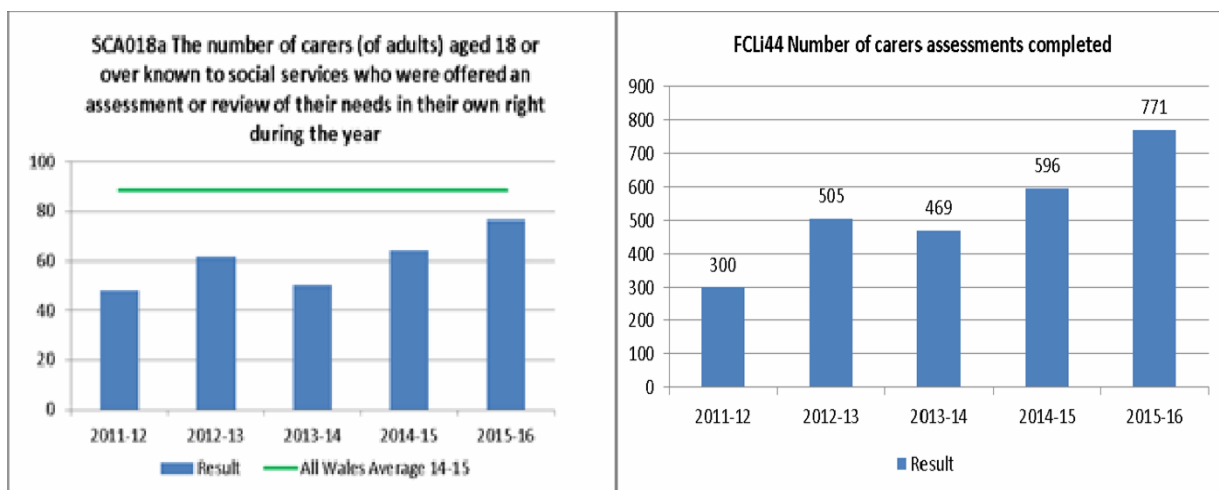
During 2015/16 the existing partnership with the University Health Board matured allowing a whole systems approach to be adopted through the establishment of the Delayed Transfers of Care (DToC) Improvement Group and implementation of the 'Home First' action plan to improve patient flow and increase domiciliary choices following discharge from hospital. There has been regular close monitoring of the plan throughout 2015/16 and a further DToC summit meeting took place in January 2016. Additional home care managers and workers were procured through the Primary Care Fund to increase capacity and facilitate a smoother and quicker discharge home in the Community Resource Teams. As a result the Community Resource Teams moved to 7 day working in November 2015 to provide a weekend discharge service.

During 2015/16 Adult Services worked with Commissioning and Procurement and Business Wales to meeting with a number of domiciliary care providers face to face to explore opportunities to improve capacity in the market. Findings from these meetings were discussed at a workshop held at the end of 2015, and a further workshop is scheduled for early in 2016/17. However, significant capacity issues remained throughout 2015/16 and culminated in the inability of a major private sector domiciliary provider to maintain the delivery of care to a large number of service users during December 2015.

In February 2016, the Brokerage team received an increased number of requests to source providers for domiciliary care packages, from 108 in January 2016 to 122 in February 2016, an overall a rise of 13%. This increase included requests for care packages to enable discharge from hospital and requests for care packages to free-up capacity within the community reablement teams. This increase in demand continued into March 2016 with 120 requests being received.

Adult Carers

Carers remain a priority for Adult Services and whilst we have not achieved our target we continue to implement positive changes in this area. There was a significant improvement at the end of Quarter 4. Towards the end of Quarter 4 the two Carers Assessment Workers and social work teams targeted carers assessments. The total number of completed carer assessments show a marked increase of 28% compared to 2014/15. The % of known carers who have had an assessment offer has increased to 76.8% at end of Quarter 4 2015/16 compared to 64.4% in 2014/15; year on year, the number of carers offered an assessment has increased by 30%.





Implement the dementia reablement training programme

54 home care staff (internal and external) have been trained since the end of September 2015. Occupational Therapists and Occupational Therapy Assistants had completed the training at the end of 2015/16. The programme will be rolled out into the 2016/17 financial year.

For further information on Prevention & Independence, please refer to Appendix 2 – Prevention & Independence Detail.

Priority Improvement Actions for 2016/17

- Implement and embed the Information, Advice and Assistance function with partner agencies by March 2017 to enable people to identify their own needs and achieve their own outcomes.
- Progress the remodelling of services for disabled children, young people and young adults aged 0-25 across Cardiff and the Vale of Glamorgan by December 2018 to improve effectiveness and efficiency of services and outcomes for young people and their families.
- Plan and implement a new model for the delivery of children's social services and social work intervention by March 2017 to improve the effectiveness and efficiency of services by implementing an agreed, accredited and evidence based practice methodology based on:
 - Signs of Safety
 - Restorative Practice.
- Reduce the rate of re-offending during the 2016/17 financial year by improving the effectiveness of Youth Offending Service (YOS) prevention and intervention work alongside an enhanced commitment from partner agencies.
- Develop a multi-agency disciplinary service by September 2016 to prevent teenagers becoming looked after.
- Continue to increase the uptake of direct payments as an alternative to direct provision of care for Cardiff adult residents with care and support needs in line with the Social Services & Wellbeing (Wales) Act 2014 by March 2017 to enable people to make their own choices and take control over the care services they receive.
- Work with our health partners to reduce the total number of Cardiff residents who experience a delayed transfer of care from hospital by March 2017 to allow a more timely discharge to a more appropriate care setting.
- Offer a Carers Assessment to all eligible adult carers who are caring for adults during the 2016/17 financial year to ensure that they receive the help and support they need, in the ways they need it.



- Agree with the University Health Board a feasible model for the integrated management and delivery of health and social care services in adult social care during the 2016/17 financial year to enable service users to receive the right care, at the right time, in the right place through joint working and improved efficiencies.
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OUTCOME 3 – CARE & SUPPORT

Adults and looked after children experience the best care and support to help them recognise their abilities, have aspirations and achieve what matters to them

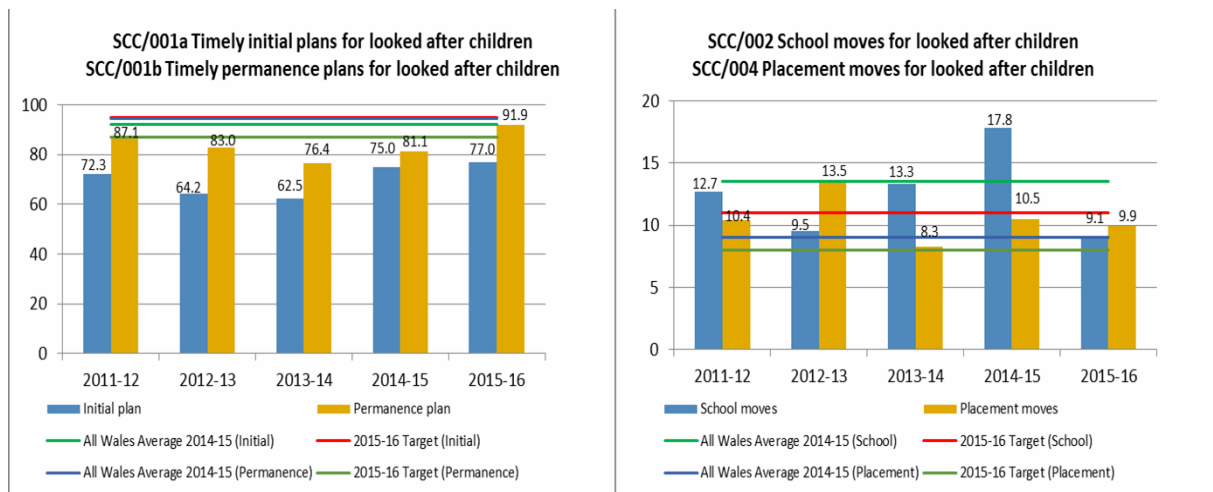
Outcomes achieved:

- ✓ 7 children returned to Cardiff from high cost out of area placements, returning children closer to their families and schools and achieving an estimated saving of £316,000
- ✓ Increased likelihood of rehabilitation home for children as a result of improved timeliness of planning
- ✓ Voice and aspirations of children and young people more consistently captured
- ✓ Improved responses for looked after children with Special Educational Needs
- ✓ Reduced anxiety for young people who find themselves homeless
- ✓ Increase in the number of people able to live in their own community as independently as possible by learning or re-learning the skills necessary
- ✓ Improved quality of life for vulnerable young adults
- ✓ 8 vulnerable young adults returned to Cardiff closer to their families and communities

Children and Young People

During the year one of our focal points has been on identifying, supporting and maintaining the best possible placements - 7 of children have been successfully returned from high cost out of area placements at an estimated saving of £316,000.

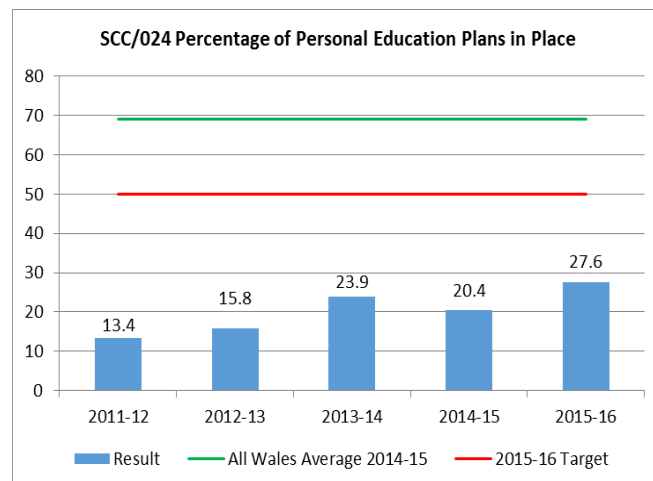
All staff have undertaken training in Best Practice regarding recording and care and pathway planning – as well as developing those documents to reflect best practice. As a result, plans for looked after children better reflect their voice and capture their aspirations.





Partnership Working with Education

Children’s Services work closely with Education to improve education outcomes for looked after children and care leavers. During the year a new Personal Education Plan (PEP) process was launched to improve performance re: timely completion and quality of PEPs. A thematic Estyn inspection looked at the education of looked after children. The Inspector commented on the PEP documents and the Looked After Children Traineeship Scheme as two areas of good practice – both will be highlighted in the report as case study information. The PEP documents were designed in consultation with young people and are “child-friendly documents that better support children and young people to engage in the process of developing their PEP and ensure their voice is heard. Following concerns raised in Quarter 2, and the introduction of information for managers to enable proactive monitoring of PEPs, there was a small improvement in performance regarding timely completion of PEPs in 2015/16 (27.6% from 20.4% in 2014/15). It is acknowledged that further improvement is required and information to enable proactive monitoring of PEPs is now being provided to enable Operational and Team Managers to prioritise improvement. Operational Managers for relevant services are continuing to re-enforce the need to ensure that staff give high priority to completing the PEP when children become looked after.



Joint workshops regarding Special Educational Needs were held during the year and have enabled social workers to expedite work on education plans in a much more timely way as they better understand the process and know who to contact for advice and action – in turn this improves the situation for looked after children and young people as we can resolve matters more effectively and more quickly.

Youth Gateway Accommodation Scheme

In recognition of the need to ensure that young people aged 16 and above who find themselves homeless are supported appropriately, in partnership with Communities and Housing Directorate, we have developed a single gateway for young people aged 16 or above to access direct housing, advice and support. The service has a number of tiers which are designed to meet varying levels of needs. The Gateway has been a very positive development for young people needing to access accommodation and for the staff supporting them to do so. The service is very accessible, reduces anxiety for young people and reduces homelessness.



Increasing the number of people who are able to remain at home

A Community work project was established by the Assessment and Reintegration in the Community service during 2015/16. This service is provided through Physical Disability Day Services and is designed on an ethos of supporting and encouraging people to maintain or build their independence. The essential aim for staff facilitating community groups has been to enable people in the group to make informed choices and lead the decision making. The service has worked effectively and collaboratively with local people to connect them to existing opportunities, encouraging them to make connections with third sector organisations working in Cardiff and particularly within their area in order to help them live in their own community as independently as possible by learning or re-learning the skills necessary to achieve this. The Community work project also researches what is available in and around Cardiff and directly affects the opportunities promoted to people going through the Assessment and Reintegration in the Community process. 43 people have benefitted from the Assessment and Reintegration in the Community service during 2015/16, with 25 directly benefiting from the project work. The majority of these people required no further input from social services after our intervention. The service was expanded during 2015/16 to include Older People.

Expand the range of supported accommodation options for vulnerable young adults

Adult Services has developed a Floating Support service for adults with mental health illness living in their own homes, to enable people to live independently while being supported toward recovery. The service offers people more choice, control and independence in their lives in the community. It improves quality of life, minimises social problems, provides opportunity to maximise independence and increases involvement in decision making. We currently support 6 individuals and continue to maintain regular contact and attend review meetings with our commissioners to discuss the development of the project and ways in which we can promote it further. We have completed an evaluation with service users and case managers for constructive feedback.

Floating Support

The successful retendering of the external Supported Living Service contract and the smooth transition of 294 Learning Disability service users transferring onto the new supported living contract was completed on the on 1st August 2015. As at 31st March 2016, 8 people have been returned to Cardiff via the Closer to Home Project. We also anticipate a further 5 returning during the beginning of the new financial year.

For further information on Care & Support, please refer to Appendix 3 – Care & Support Detail.



Priority Improvement Actions 2016/17

- Embed the Corporate Parenting Strategy in collaboration with partners by March 2017 to ensure that the Council and partners collectively fulfil their responsibilities to all children and young people who are in their care by seeking exactly the same positive outcomes that every good parent would want for their own children.
 - Develop a joint working protocol between the Health Service and Children's Services by March 2017 that meets the health needs of looked after children.
 - Deliver improvements to Day Care services across all Adult Services client groups by March 2017 to maximise independence.
 - Review Advocacy provision, working with the Vale to ensure a consistent approach across all service areas by March 2017.
 - Improve the quality of residential care to support improved care for people in residential homes by March 2017.
-



OUTCOME 4 – TRANSITION

Young people have the necessary skills and support to prepare them and their carers for a smooth transition to adult life and optimum independence

Outcomes achieved:

- ✓ Young people supported to develop skills within their own community, to become independent without the need for additional statutory support services
- ✓ Young people received the right level of services based on initial presenting needs
- ✓ Improved experience for disabled young people and their families going through transition
- ✓ Enhanced experience of disabled young adults going into college locally
- ✓ Improved support and planning for care leavers enabling a smoother transition to adulthood
- ✓ Increase in opportunities for young people as a result of the Looked After Children Traineeship Scheme

Working with our third sector providers Children's Services have identified this year a number of young people who can be supported through non-statutory services to develop their skills and independence through access to services within the community. This has enabled some young people to develop skills within their own community and support them to become independent without the need for additional statutory support services. These young people have transitioned successfully between services.

Step down Cases – Transition to the Disability Team Around the Family (DTAF)

During the year, 47 disabled children and young people were assessed by Children's Services as having needs which could be met outside of the services of the local authority. Of these 47 referrals, 31 young people with additional needs were initially referred into Children's Services but were redirected to receive services from the DTAF. The links between these services allow for young people to receive the most appropriate level of assessment and support based on their initial presenting needs and allows a smoother transition between services when needs change through the use of the Joint Assessment Family Framework approach.

The experience of families with disabled young people going through the transition of leaving Children's Services and moving into Adult Services has clearly improved over the last year. With allocated permanent staff to lead on transition within both the Children's and Adult Services teams this has enabled better communication and timely discussions to prompt planning at an earlier stage.

Pathway Planning for Disabled Children

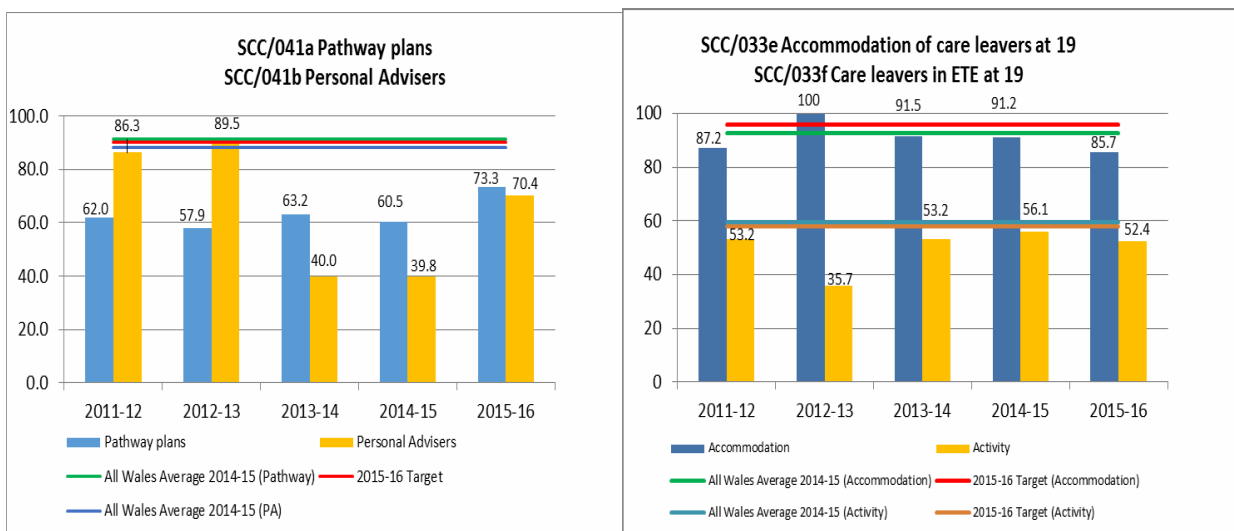
Over the coming year we will embed a process that underpins holistic transition for young disabled people, which will be supported by relevant practitioners from Health, Social Services and Education and spans across both Children’s and Adult Services. This will ensure that relevant information will be shared in a timely way and at the earliest opportunity, enhancing the experiences of families, young people and young adults. To achieve this Cardiff Social Services will work together in partnership with all agencies and regionally with colleagues within the Vale of Glamorgan.

Social Services have worked closely with Careers Wales and Cardiff & Vale College to enhance the experience of disabled young adults going into college locally. This has helped to reduce the need for disabled young adults to access a residential provision out of area away from their homes and families and improved the access and range of provision from the local colleges. This year 7 disabled young adults were able to access a local college placement successfully.

Pathway Planning for Care Leavers

Pathway Planning documents for care leavers were reviewed during the year and as a result are more user friendly for social workers and more reader friendly for young people. This, in turn, has enabled social workers to undertake and record more robust analysis of the needs of young people. Further developments will be undertaken in 2016/17 in response to the requirements of the Social Services & Wellbeing (Wales) Act 2014.

In relation to the Looked After Children Traineeship Scheme - 38 Trainee opportunities were secured within the Council and 19 young people were successful at interview.



For further information on Transition, please refer to Appendix 4 – Transition Detail.



Priority Improvement Actions 2016/17

- Improve the effectiveness of transitional support for disabled and vulnerable children approaching adulthood by implementing a regional Transition Protocol across Cardiff and the Vale of Glamorgan by March 2017 to ensure a smooth transition to adulthood.
 - Implement and embed the When I Am Ready Scheme to support young people in transition from fostering to independence by March 2017.
-



OUTCOME 5 – WORKFORCE

Cardiff is the destination of choice for committed social work and social care professionals

Outcomes achieved:

- ✓ Strengthened collaborative working and maximisation of available resources
- ✓ Reduction in the percentage of social worker vacancies in Children's Services
- ✓ Improved quality of service provision in Children's Services by reducing caseload averages

The formation of the regional Social Care Development Partnership has enabled both partner authorities to strengthen collaborative working and maximise available resources.

During the year there has been a reduction in the percentage of social worker vacancies in Children's Services from 27.2% in 2014/15 to 22.2% in 2015/16, following a programme of successful recruitment. This was despite an increase in the turnover of social workers in Children's Services from 14.8% in 2014/15 to 19.6% in 2015/16.

Caseload Averages in Children's Services

The reduction in caseload averages in 2014/15 has continued in 2015/16 with overall averages reducing to 17.9 on 31st March 2016 compared with 19.7 at 31st March 2015. Despite the increase in demand and the increase in the complexity of work in the case management teams, caseloads remain relatively stable with some peaks being experienced. These have been mitigated by manager support and senior management oversight on particularly complex cases. Fluctuations in vacancies across the service have contributed towards some caseloads being higher than others, but overall indications are that stability in the workforce is becoming evident in some areas – this in turn is contributing to the service's ability to maintain caseload averages at a reasonable level.

For further information on Workforce, please refer to Appendix 5 – Workforce Detail.

Priority Improvement Actions for 2016/17

- Complete roll out of the second phase of a specialist training programme to support local implementation of the Social Services & Wellbeing (Wales) Act 2014 by March 2017 to support staff to be compliant with new legislation.
- Embed the Regional Workforce Development Partnership and agree a sector-wide Workforce Strategy 2017-2020 to meet statutory requirements by March 2017.



- Develop a Social Services Workforce Strategy by March 2017 to improve workforce planning, recruitment, retention and staff learning and development.
 - Put processes in place by March 2017 to support the health and wellbeing of the Social Services workforce.
 - Increase Directorate capacity to deliver bilingual services during the 2016/17 financial year.
 - Improve the recruitment and retention of children's social workers, ensuring the Council achieves and maintains a vacancy rate below 18% by March 2017 to raise standards and drive the quality and competency levels of staff through effective workforce development in order to enable those with care and support needs to achieve what matters to them.
 - Undertake a campaign in 2016 with Private Sector Domiciliary Agencies to attract more employees into the social care sector to increase capacity and improve quality.
-



OUTCOME 6 – RESOURCES

Social Services are provided on the basis of the most efficient and effective use of resources

Outcomes achieved:

- ✓ Improved efficiency of staff resources resulting from reduced travel time
- ✓ £6.208m savings achieved across the Directorate during the year

Mobilisation of Social Workers

The Agile / Mobile Working project aims to undertake a review of staff working methods and to support staff to operate in a more agile / flexible manner through the introduction of mobile devices. Significant progress has been made during the year and staff have been issued with mobile devices. The new technology has enabled social workers to be more flexible in their approach and allows them to spend more time with children and families by reducing the amount of time spent travelling. There are early indications of improved morale and a positive impact on performance.

In 2015/16 savings of £6.208m were achieved across Adult and Children's Services, though £1.451m related to unachieved savings carried forward from 2014/15.

In 2015/16 Social Services received £7.2m in realignments and additional growth for demographic pressures. They also received £1.74m in relation to specific identified pressures.

For further information on Resources, please refer to Appendix 6 – Resources Detail.

Priority Improvement Actions for 2016/17

- Achieve 2016/17 savings proposals and develop the medium term financial plan by March 2017 to identify 2017/18 savings proposals.
- Implement the Agile / Mobile Working Strategy across Social Services by March 2017 to effectively mobilise the Social Services workforce.
- Develop and implement a strategic approach to commissioning for the Directorate by March 2017 to achieve value for money and better outcomes for people.
- Optimise opportunities for working collaboratively across the region and more widely where there is potential to deliver more effective services during the 2016/17 financial year.



- Develop a Quality Assurance Framework for Social Services to bring together the quality assurance and learning elements of key activities in the Directorate by March 2017.
 - Develop and implement an integrated Social Services Business Unit by March 2017.
 - Benchmark service performance with core cities, or relevant benchmark organisations, by March 2017 in order to drive better outcomes for citizens, businesses and visitors.
 - Establish Improvement Board and deliver the improvement plan for Adult Services by March 2017.
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APPENDICES

APPENDIX 1 – SAFEGUARDING DETAIL

Children and adults are protected from significant harm and are empowered to protect themselves

This appendix provides further information about progress made during the year in relation to the Safeguarding outcome.

The Independent Safeguarding and Reviewing Service has been subject to some significant changes in management and leadership during the year and this has necessitated close intervention and support from the Assistant Director of Children’s Services to ensure that the overall plans and performance remained effective.

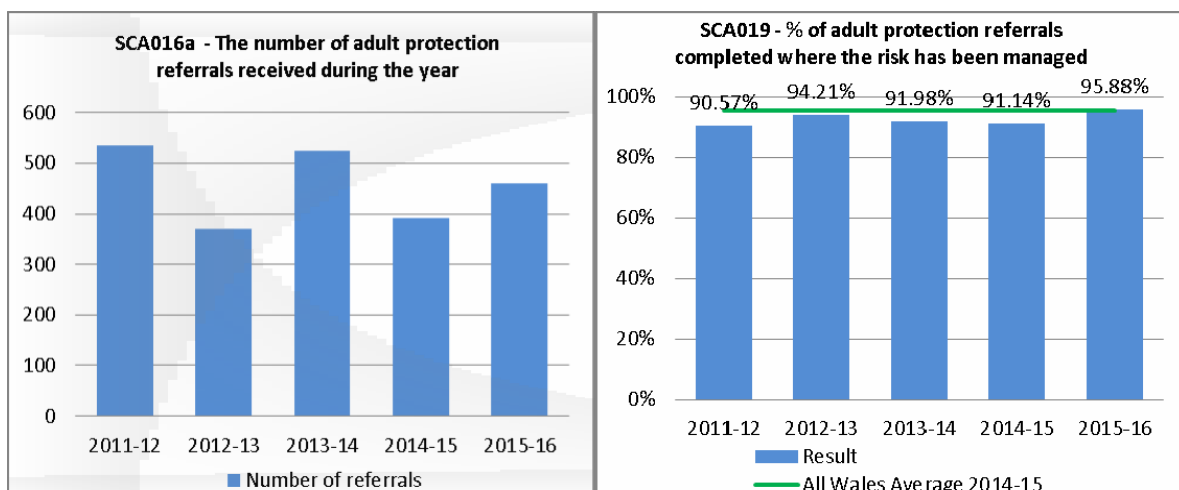
The Independent Safeguarding & Review Service is currently developing a suite of performance indicator to further develop the performance information we already collate.

The statistical information for Protection of Vulnerable Adults (POVA) is currently in the process of being reviewed to ensure compliance with the reporting requirements of the Welsh Government in line with the new Social Services & Wellbeing (Wales) Act 2014. We consistently follow Adult Protection Safeguarding Procedures in accordance with the guidance and are in the process of reviewing all elements to ensure they are in accordance with the Social Services & Wellbeing (Wales) Act 2014.

How much and how well did we do?

Total number of adult protection referrals received = 460

Percentage of adult protection referrals where the risk has been managed: 95.9%





Child Sexual Exploitation (CSE)

Child Sexual Exploitation remains high on the local and national agenda. Consequently, Cardiff has been effective in developing a strategy for how we will tackle child sexual exploitation across the city. The Cardiff Child Sexual Exploitation Strategy was approved by the Cardiff and Vale of Glamorgan Safeguarding Children Board (LSCB) in its role as the statutory body to which all agencies are accountable and this has provided the basis for Directorate and partner activity both in developing a strategic response to CSE and in ensuring effective operational interventions when necessary. More broadly the Directorate has been working very actively with South Wales Police as the key lead agency in relation to CSE overall and this strong local relationship in Cardiff is reflected both in the Strategy and in joint operations on the ground.

A significant contribution to the joint development of a strategic approach has been the area wide Problem Profile undertaken by the Police which has enabled us to focus interventions more effectively in specific areas of concern where risks were found to be higher, whether these are location based (certain areas of the city) or related to behaviour patterns e.g. children engaging in a range of risky behaviours including going missing or staying out all night, consuming alcohol, attending the homes of older males and travelling around with males they have only just met but do not perceive this is putting themselves at risk.

Above all it is important to be assured that whenever individuals are identified as being at risk, appropriate immediate action is taken to safeguard their wellbeing. We are fortunate in Wales to have the benefit of real expertise in the application of the best practice Sexual Exploitation Risk Assessment Framework (SERAF) which was developed in Wales. In all cases where a SERAF assessment identifies risk of sexual exploitation, appropriate multi-agency plans have been put in place to protect those individuals.

Escalating Concerns Procedures

The Children's Services process for escalating concerns raised by Independent Reviewing Officers (IROs) and Child Protection Conference Chairs in relation to care planning and case management has been refreshed during the year. Where those concerns have not been dealt with satisfactorily, IROs and Child Protection Conference Chairs have used the IRO Protocol and escalated the concerns to the Assistant Director resulting in Protocol Meetings being held and concerns being addressed.

Adult Services have robust governance arrangements for Escalating Concerns Procedures and work in partnership with Health and the Care and Social Services Inspectorate Wales (CSSIW) in the appropriate application of this process to ensure quality of care across the residential, nursing and domiciliary market.

Adults at Risk

Internal Audit reviewed Adult Protection procedures during 2015/16 to ensure compliance with the introduction of the Social Services & Wellbeing (Wales) Act 2014. The review identified areas for improvement and changes required to be compliant with the Act, as well as promoting



good practice. The audit found that key controls were generally in place, with varying degrees of compliance. An Action Plan which aims to enhance internal control and provide greater assurance in relation to good governance is in place. A formal event is planned for the beginning of the new financial year when the new Quality Assurance Officer takes up post.

Licensing

As part of its overall remit the Safeguarding Unit also monitors a significant amount of activity in the City related to the entertainment industry. During the year, licences were issued to 480 child performers, there were 14 body of person approvals (covering over 2,000 children) and 50 chaperones registered.

Multi Agency Safeguarding Hub (MASH)

During the year, significant progress has been made towards introducing new inter-agency arrangements for managing referrals and demand at the front door to ensure that vulnerable children and adults requiring help and protection are given a robust multi-agency response as soon as concerns for their safety and welfare are raised. There is a project team in place and plans are being progressed with a view to MASH going live in July 2016. The MASH will also process referrals relating to the Protection of Vulnerable Adults. Inclusion of all Adult Services referrals will follow in phase 2.

Work is also ongoing to engage effectively with schools and other agencies to ensure that referrals are appropriate and of high quality. For example:

- Arrangements are being made for Headteachers to visit the Children's Access Point (CAP) and Intake & Assessment (I&A) to observe processes and shadow the team to support learning and gain further understanding, knowledge and stronger professional working relationships with enhanced practice.
- Children's Services attend the Education Service Fair Access Panel to support better understanding of the process for referral and the information required by the local authority to support decision making for children and young people at risk.
- The Team Around the Family (TAF) services and Children's Access Point (CAP) worked together to provide a joint approach to responding to initial needs and enhancing the interface between statutory services and third sector providers.

Learning from Child Practice Reviews

During the year to 31st March 2016, two Child Practice Review learning events and a Multi-Agency Professional Forum were held and the learning used to produce improvement actions plans in response to significant incidents where abuse or neglect of a child was known or suspected. Progress against delivery of these plans will be reported back to the LSCB. Additionally, briefings reflecting the key learning points will be made available via the LSCB website, and shared with the Regional Safeguarding Boards across Wales.



Cardiff and Vale of Glamorgan Safeguarding Children Board (LSCB)

Work has continued to outline opportunities for integrated working across the City of Cardiff and the Vale of Glamorgan Councils and the Cardiff & Vale University Health Board in order to support change and development in the way services for children and young people are delivered across the two local authority areas. A Change Manager has been recruited and areas of priority have been agreed, encompassing services for disabled children, the Child and Adolescent Mental Health Service (CAMHS), and remodelling 'front door' referral management at the Children's Services threshold, in order to support the development of a Multi-Agency Safeguarding Hub (MASH).

Cardiff and Vale of Glamorgan Safeguarding Adults Board (LSAB)

Newly established in 2014/15, the Cardiff and Vale of Glamorgan Safeguarding Adults Board (LSAB) has been engaged in an externally facilitated strategic review of its role and function in light of its first year of operation and the new statutory duties in respect of adult safeguarding arising from the Social Services & Wellbeing (Wales) Act 2014.

The partnership consensus emerging from that review includes:

- Recognition of the importance of effective board functioning and the need to focus on a smaller number of key strategic outcomes and priorities.
- Broad agreement to enable strategic governance through an Executive and Main Board structure to enable the Main Board to focus on thematic development and performance review.
- The clear need for a new Safeguarding Business Unit to combine administrative, business planning and co-ordination activities of the Safeguarding Children and Adults Boards.

A workshop is scheduled for summer 2016 to enable the Board to embed these arrangements.

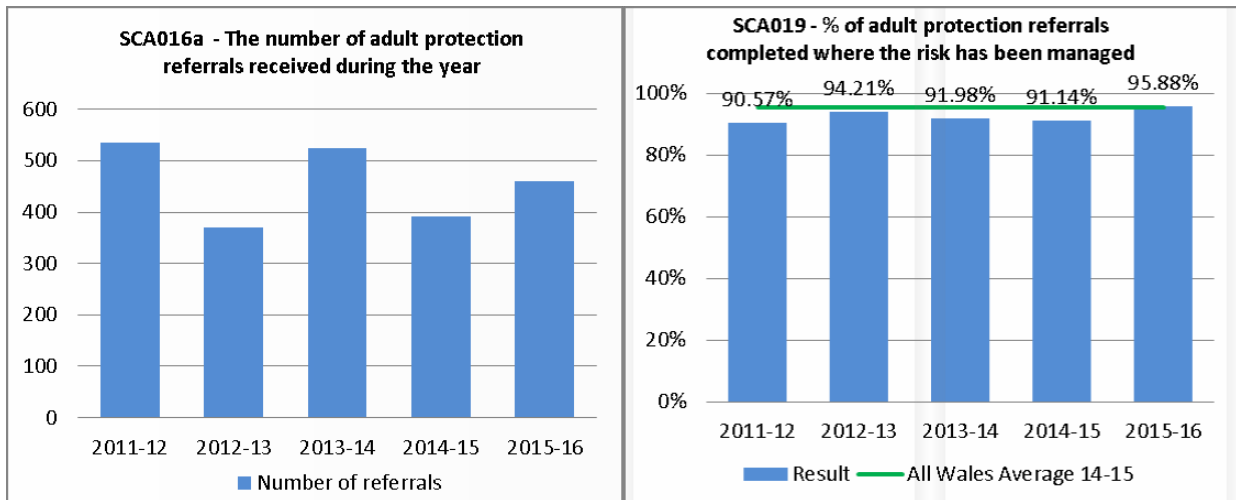
Quality Assurance Framework

Adult and Children's Services Quality Assurance Frameworks were developed during the year. They identify common areas (e.g. definitions, compliance and governance) and service-specific areas. Further work is planned in 2016/17 to bring the draft frameworks together to produce a final overarching Social Services Quality Assurance Framework.

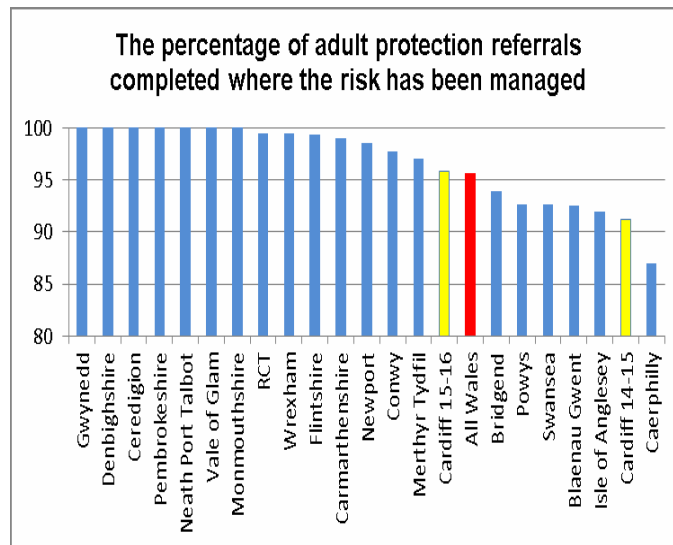
Safeguarding Requirements of the Social Services & Wellbeing (Wales) Act 2014 in Relation to Vulnerable Adults

How much and how well did we do?

- 95.9% of adult protection referrals completed where the risk has been managed.
- 460 Protection of Vulnerable Adult Referrals.



Local authorities play a vital role in ensuring that the most vulnerable people in our communities are protected from harm. During 2015/16 the risk to the individual was managed in 95.9% of adult protection referrals received, compared to the 2014/15 All Wales figure of 95.6%. Other local authority performance in 2014/15 ranged from 100.0% in Gwynedd, Denbighshire, Ceredigion, Pembrokeshire, Neath Port Talbot, the Vale of Glamorgan and Monmouthshire to 83.1% in Torfaen.





APPENDIX 2 – PREVENTION & INDEPENDENCE DETAIL

Children, young people and adults are supported to live safely within their families and communities, with the lowest appropriate level of intervention

This appendix provides further information about progress made during the year in relation to the Prevention & Independence outcome.

Children and Young People

Remodelling of Services for Disabled Children

A project to remodel services for disabled people aged 0-25 years in the Cardiff & Vale University Health Board area is ongoing - working with partners to improve access to community based support; reduce dependency on high cost care placements; and optimise the use of resources. The project also aims to improve young people's experiences of their transition to adulthood and to engage parents more effectively in the planning and design of services.

An integrated Operational Change Manager is in post and a programme brief and plan have been developed in partnership with Heads of Services in Cardiff, the Vale of Glamorgan and the University Health Board. This has been presented to the Local Safeguarding Children Board with priority areas being agreed for progression. These include:

- Progressing a register for disabled children and young people resident in Cardiff.
- Developing a regional approach to supporting transition arrangements for disabled young people and adults.
- Developing proposals to implement regional integrated services for disabled children and young people.
- Exploring possibilities to work collaboratively with our partners to commission outcomes based services for disabled children and young people.

An opportunity presented via the Intermediate Care Fund and an application based on the agreed priority areas has secured £2.5m to progress with the immediate delivery of integrated services earlier than planned, and for the first time has created an exciting opportunity for Children's and Adult Services in the Vale of Glamorgan, Cardiff and in the University Health Board, to work collaboratively across the whole age range.



Direct Payments for Children with Disabilities

There has been an increase in take up of Direct Payments for children – with 147 in receipt of Direct Payments at 31st March 2016, compared with 110 at 31st March 2015.

Legal Surgery

The Legal Surgery was successfully introduced in 2014/15 to avoid drift and delay in relation to care planning. In 2015/16 it has proven its effectiveness in ensuring that appropriate care planning is in place, determining what was done to prevent accommodation and identifying what themes / trends are emerging. The Legal Surgery has proven particularly beneficial for intervening with unborn / pre-birth cases and has resulted in a proactive rather than reactive approach in assessment and planning. The key to this has been a protocol between the Integrated Family Support Team (IFST) and Children's Services regarding intervening in a timely way. Staff report attendance as a positive experience in enhancing their practice. The format of the Legal Surgery was reviewed during the year and in 2016/17 will be relaunched as the Care Planning and Legal Meeting.

Proposed Model for the Delivery of Children's Social Services

A decision has been taken to work with families adopting a Restorative Approach which is consistent with our partners who work within early intervention and prevention services, but to complement this approach with the Signs of Safety Framework. Meetings are underway with the Signs of Safety training provider to plan the delivery of training and a Risk Assessment framework has been agreed for implementation in Quarter 1. Evaluation of OM roles has been completed and a proposed structure has been developed. Discussions are underway with Trade Unions to agree position prior to proceeding with re-structure. Subject to agreement being reached, it is anticipated that OM appointments will be completed by end of Quarter 1 2016/17.

In line with the Social Services & Wellbeing (Wales) Act 2014 we have commenced the development of a function for the provision of Information, Advice and Assistance for children and families to enable people to identify their own needs and achieve their own outcomes.

Young Carers

During the year a single inter-agency Carers Strategy was developed across the City of Cardiff Council, Vale of Glamorgan Council and the Cardiff & Vale University Health Board. The Strategy provides 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.

A work programme designed to increase awareness and support the identification of Young Carers across Cardiff and the Vale of Glamorgan was delivered, including the development of an eLearning tool for professionals and its introduction in schools, raising awareness and strengthening the ability of teaching staff to recognise and identify Young Carers.



The percentage of known Young Carers who were provided with a service in 2015/16 was 60% (compared with 83.3% in 2014/15). Of the 8 young carers who did not receive a service, 5 did not wish to receive a service, 1 received support through Adult Services and another's circumstances changed quickly so she received services but was no longer a young carer.

Youth Offending Service (YOS)

Consideration has been given to exploring the potential for further cohesion between the Early Help Strategy and the YOS Prevention Policy and Practice Guidelines in the context of a YOS restructure and collaborative working with the Vale of Glamorgan. However, the absence of any certainty about the future of local authority boundaries until the recent publication of the Local Government (Wales) Bill has been an obstacle to progress. Added to which, the Youth Offending Service (YOS) was subject to a comprehensive external inspection during Quarter 3.

The inspector report was published in May 2016. Rated as a 'three star' service across all areas of operational delivery, there are six criteria by which Youth Offending Services are judged:

- Reducing reoffending
- Protecting the public
- Protecting children and young people
- Ensuring the sentence is served
- Governance and partnerships
- Interventions

Cardiff YOS scored 75% compliance in five out of the six criteria and 50% in one (governance and partnerships). A draft action plan is in place to respond to nine recommendations aimed at further enhancing the quality of work undertaken by the service.

The Chief Executive and Police & Crime Commissioner commissioned a review of YOS governance which has now made recommendations for improvement. A refresh of the governance arrangements is now underway with the Chief Executive as Chair of the Management Board. Progress in relation to a merger will be considered in that context.

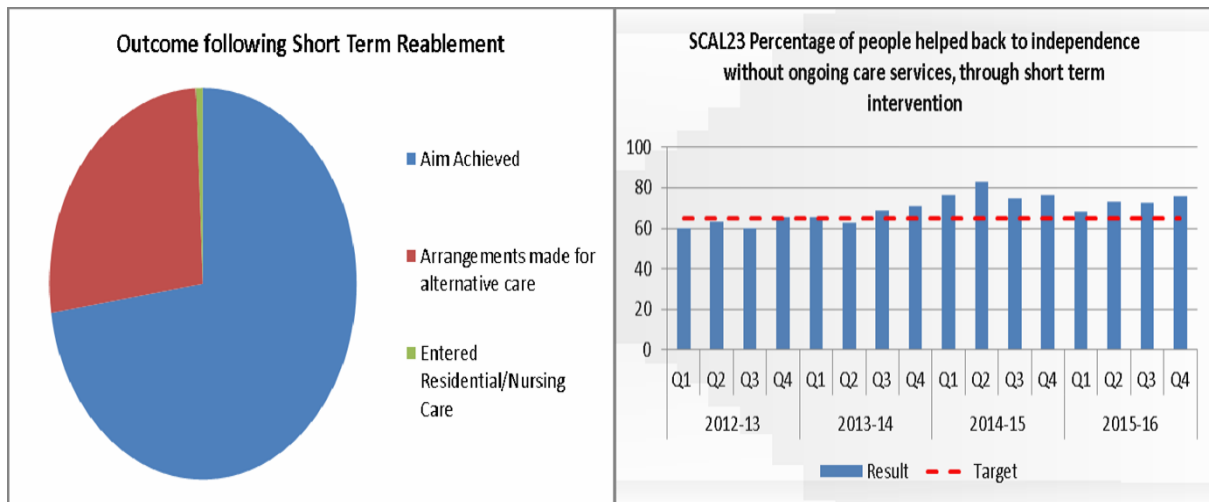
Adults

Developing a better understanding of the needs of individual service users and communities and reshaping services in response will be crucial to placing an increased focus on preventative work. Adult Social Services aims to help people to live independently, enabling vulnerable people to develop the skills they need to live on their own, supporting them with reasonable adaptations to their homes and providing services in a way that meets their needs and outcomes. Service delivery has continued to move from a dependency model, changing the emphasis to what people can do, rather than what they cannot do.

Our services are key to delivering the Council's commitment to safeguarding adults from significant harm or exploitation.

How much and how well did we do?

- Less than 1% of people require residential or nursing care following short term reablement.
- 72.6% of people who received reablement did not require a social care package.



From the 1st April 2015 to 31st March 2016 1,797 reablement assessments were planned with 1,719 (82%) completed and 1,388 resulting in a service. 409 did not result in a service as either the assessment was cancelled e.g. Hospital Discharge cancelled, the person was not suitable for the service assessed or the service user refused / declined the service.

We exceeded the target for the percentage of people helped back to independence without ongoing care services through short term intervention.

The Care and Social Services Inspectorate Wales' (CSSIW) recent inspection of City of Cardiff Council's Homecare Service found that people using the service receive care from competent and confident staff who treat them with dignity and respect. The service works closely with members of the health team to provide support that is responsive to changes in people's care needs. Feedback from service users included "I cannot praise the staff enough", "everyone was really good" and "staff who listened".

Increase the uptake of Direct Payments

Direct Payments – Customer Satisfaction Feedback

'Listening, advice, especially about Diverse Cymru, Caring, and Regular Communication at all times. The social worker was and is excellent and I look forward to continuing working with her.'
'I am very happy with my personal assistant, 'X'.

Direct Payments Case Study

Miss F is a 30 year old woman who was previously with an agency via traditional package of care. Due to her needs Miss F required more flexibility. Miss F is an independent woman and likes to get out and about socialising. She is registered blind (with a guide dog) and has difficulty with meal preparation and some aspects of her personal care. Miss F also has a history of mental health issues (depression / anxiety) so her motivation varies on a day to day basis and she needs more encouragement some days. She prefers to have regular carers as she feels more comfortable with people she knows. She changed to Direct Payments in August 2015 and employs a Personal Assistant (PA). Since changing she has found it much better as she and her PA arrange the hours as needed and she is able to change them at short notice with the PA. She finds it better having one person providing and

Adult Carers

Carers Case Study:

Ms C.H 62 – carer for her mother, Mrs G.H (90 years old), was referred for a carers assessment, due to ongoing and increasing stress levels and friction in their relationship. Mrs G.H is affected by established Alzheimer's disease. Ms C.H had broken her leg, resulting in her mobility declining to an extent that she was unable to egress her property, and was reliant on her mother to complete simple tasks for her. Ms C.S & Mrs G H were both being supported by the North West Community Resource Team. Due to both Ms and Mrs H being unable to gain respite from each other, there was an increasing risk of total breakdown in their relationship. Mrs H had a lack of insight into her daughter's condition and needs, and Ms H was unable to employ her previous method of reducing stress in their relationship by leaving the property for a time, to allow the situation to cool in the event of an argument. Disagreements were building to an extent that Ms C.H was breaking down in tears. Due to the short term nature of her condition, Ms C.H was not eligible for services in her own right through the community care budget, and Mrs G.H would not engage with services that would support her. A short term socialisation call was able to be arranged for Ms C.H to support her to access the community, and gain respite from her mother, until she was able to complete this independently, through the carer budget.



Carers – Customer Satisfaction Feedback

'You did everything you said you would do and more very helpful. Thank you.'
'Offered support with my mum's needs.'

Mobile Working & Scheduling Project

The Mobile Working & Scheduling Project aims to improve efficiency and service delivery in the Home Care service. Roll out commenced in January 2016, with a phased approach across the city. Staff will use the system on mobile devices to replace paperwork and streamline working processes, providing true mobility for the entire workforce and delivering a wide range of financial and productivity benefits, e.g. reduction in travel time.

Reablement – Customer Satisfaction Feedback

'The Occupational Therapist listened to us, she was knowledgeable and helpful as was the engineer who fitted the grab rails in the shower room although my disability is major (amputation of left leg) my needs were limited as we installed our own ramp at front doorway.'
'Gave an overall picture of what equipment was available and what would be useful for me. Once decided the equipment was fitted promptly and efficiently by very pleasant staff.'

Reablement Case Study

Mr. R is an 85 year old man who was referred to Community Resource Team (CRT) for support on discharge from hospital. Mr. R had several health issues, but the overriding concern was his general wellbeing, he was suffering from low mood following his wife of 60 years being admitted to a nursing home. Mr. R was neglecting himself with regard to all his daily living tasks including not taking his medication. Initially Mr. R was very reluctant to accept support, for the first two weeks Mr. R did not engage with the staff. During this period the staff tended to prepare his meals, and converse in very general terms. Over a short period Mr. R began to gain confidence, he began to engage with the staff, and discuss the issues that he was finding it difficult to cope with, mainly not being able to visit his wife in the nursing home, and his reluctance to accept support. It was suggested that a taxi could be organised on a regular basis to take and collect him from the nursing home, this carried on for several weeks, until sadly Mrs. R died. Due to Mr. R's improved health and wellbeing he felt better able to cope with the loss, his health continued to improve and he maintained a nutritional balanced diet. Initially Mr. R was on medication 4 times a day, a medication assessment was completed and the medication reduced to once a day. Mr. R will now receive a permanent service once daily to support with personal care, meal planning and medication.



Consider more effective and efficient ways of commissioning services

The Adult Social Services Strategic Commissioning Project was established in 2015/16 and aims to:

- Establish overarching medium to long term commissioning intentions and priorities which meet the requirements of the Social Services & Wellbeing (Wales) Act 2014.
- Oversee a fundamental review of how service user needs are met and outcomes achieved which maximises use of existing Council, partner and community resources including consideration of locality based support provision.
- Identify short, medium and long term opportunities to deliver budget savings through reducing demand and improving supply side arrangements.

Adult Services is currently developing a 'Statement of Strategic Intent', setting out the vision for the commissioning of adult social care in Cardiff for the long term.

2015/16 also saw the agreement of the Older People's Commissioning Strategy alongside the Meaningful and Purposeful Lives: Framework for Older People, Cardiff and the Vale of Glamorgan 2014-19 – a partnership document supporting a five-year plan for older people.



APPENDIX 3 – CARE & SUPPORT DETAIL

Adults and looked after children experience the best care and support to help them recognise their abilities, have aspirations and achieve what matters to them

This appendix provides further information about progress made during the year in relation to the Care & Support outcome.

Children and Young People

The Looked After Children's Service has been in existence since July 2014. All staff chose to join the specialist service and since that time the teams have remained mainly stable with very little turnover. This in turn has had a positive impact upon looked after children and young people having an allocated social worker with whom they can build a relationship. Staff now have the opportunity, training, support and encouragement to focus upon the key issues and outcomes for looked after children.

During the year our focus has been on:

- Undertaking robust assessments and developing meaningful relationships with children and young people.
- Identifying, supporting and maintaining the best possible placements - 7 of children have been successfully returned from high cost out of area placements at an estimated saving of £316,000.
- Supporting family contact and social networks.
- Promoting educational, employment and training opportunities and achievements - the Council Looked After Children Traineeship Scheme has been developed and two dedicated Apprenticeships for looked after children / care leavers have been created.
- Helping young people to develop life skills.

We are committed to building upon newly established relationships with Health colleagues to develop therapeutic services for children and young people. The University Health Board is currently commissioning a new service for children and young people with risky behaviour that sits below the specialist Child & Adolescent Mental Health Service (CAMHS). This new service tackles the gap that currently exists for looked after children and other young people known to Children's Services who do not have a diagnosed mental illness, and therefore are not eligible for specialist CAMHS, but who display behaviour that gives significant cause for concern regarding their own safety and the safety of others. In addition to this, a joint workshop has been arranged with Health for early in 2016/17 to determine joint aspirations for therapeutic services for looked after children, including the role of a psychologist to be employed by Health to solely focus on looked after children.



How much and how well did we do?

- Number of looked after children = 644 at 31st March 2016 compared with 650 at 31st March 2015. The figure has fluctuated somewhat over the course of the year, peaking at 662 in June 2015, and dropping to 625 in December 2015.
- Delivery of the Brighter Futures Personal Education Plan (PEP) best practice training to 150 social workers, over 30 teachers and more than 50 foster carers completed.

We have focussed upon placement stability and challenged placements that do not provide the best opportunities for children and young people – this can reflect as poor performance if multiple moves have taken place.

During the year we have developed a meaningful Performance Report for managers in the Looked After Children's Service.

Partnership Working with Education

Joint work was undertaken with Education to develop the Virtual School Tracking system, to deliver workshops to share knowledge and practice, and to raise the profile of looked after children within schools. Regular meetings have been established to track individual children and young people. Joint sessions have had a very positive effect upon working relationships between Children's Services and Education which benefits children and young people. More joint sessions are planned. Monthly meetings promote opportunity for timely intervention coordinated approaches.

Corporate Parenting Strategy

The City of Cardiff Council aims to make the experience of being looked after or leaving care the best that it can be within resources. A Corporate Parenting Strategy has been developed to promote stability, enable children to form secure and permanent attachments, and (in collaboration with Education and others) improve their life chances and outcomes. The Strategy will be considered by Cabinet in Quarter 1 2016/17 and the launch will follow shortly thereafter.

Improving the Health of Looked After Children and Care Leavers

A joint workshop is being arranged with colleagues in Health to identify and prioritise the health needs of looked after children and care leavers and to plan how these needs can best be met. This will contribute to work planned for 2016/17 to agree a joint working protocol with Health and to develop services to meet these needs.

Supervised Contact Service

A tender exercise to procure the service has been undertaken and a decision to award the contract made. The service will be launched early in Quarter 1 2016/17.



Enhanced Fostering Scheme

Following concerns raised during the year about the capacity of the provider to deliver on its commitments, the decision was taken to end the contract due to a lack of suitable placements. The following actions are being taken as a result:

- Plan in place to address financial implications.
- Engagement with alternative provider and three promising models under consideration.
- Work undertaken with Legal and Procurement to terminate the current contract and put in place a new contract for an individual placement for the one young person who was placed within the scheme and remains in placement.

Kinship Care

We have a dedicated social worker with the Child in Need Service whose role is to complete Special Guardianship assessments. We have recruited three temporary social workers who are based within our Fostering Service and are piloting the Connected Persons Assessments when assessing prospective foster carers. The outcome of the pilot will inform how we progress in the future.

Fostering Service

At the time of writing, there were approximately 119 children placed with 125 fostering households approved by the service. This included:

- 21 children placed in kinship placements
- 104 children in mainstream placements

Over the past year the service has retained a core group of experienced staff and foster carers and provided suitably matched and stable placements for children.

These are some of the improvements made during the year:

- A range of initiatives had been employed to improve engagement between the foster carers and the local authority including task and finish groups around mentoring, recruitment.
- A Foster Carer Association was formed by carers with the support of the service.
- The launch of our new Fostering recruitment campaign has provided us with a platform to raise the profile of our Fostering Service. The media coverage of the campaign was unprecedented and certainly challenged the myth that good news doesn't sell papers.
- We welcomed 21 new carers to the service this year and 6 carers started their QCF qualification.
- A small group of carers and young people completed the "Let's Get Cooking" training, which proved to be a great opportunity for foster carers and young people to learn together in partnership with one another.



- A review was undertaken in respect of the quality of the Fostering Panel and training was provided for panel members and Fostering social workers.

The following are areas of improvement that will be taken forward in the 2016/17:

- Establishment of more robust systems to monitor review and improve the quality of care given to children. Completion of the new Foster Carer Handbook for children that includes information about their placements and their rights and entitlements.
- Establishment of systems for monitoring the educational attainment, progress and school attendance of children placed with foster carers approved by the Fostering Service.
- Review risk assessments to determine what areas of care that foster carers provide need to be routinely risk assessed (e.g. when they take children for regular weekend breaks to a caravan / abroad on holiday) and determine who is best placed to lead in respect of the risk assessments – the supervising social worker for the carer or the childcare social worker.
- Continue to improve the opportunities for engaging with children to better understand their views about their care and any improvements they feel could be made.

Residential Care

The team at Crosslands continues to provide a very high quality of care for children and young people. The group of young people has remained stable as has the staff team, with limited turn over in the team during the year. A new Deputy Officer in Charge has joined the management team of the home and creates the opportunity for further development.

Managers and staff gave a presentation to the Corporate Parenting Advisory Committee regarding the Connect Model of Care and demonstrated the type of tools used for direct work with young people.

Regional Adoption Service

The Vale, Valleys and Cardiff Adoption Collaborative (VVC), which brings together the adoption services of Rhondda Cynon Taff County Borough Council (CBC), Merthyr Tydfil CBC, the City of Cardiff Council and the Vale of Glamorgan Council, became operational on 1st June 2015. This merger of adoption services within the region was the culmination of much co-ordinated effort and joint working on the part of all regional partners in progressing the plan to implement the service.

Since implementation considerable work has been undertaken to establish a clear governance structure for the Collaborative, establishing a sound workforce and staff resource and ensuring services are maintained and delivered with minimal disruption for service users. Other priorities have included establishing mechanisms to effectively engage with local authority colleagues and engaging and consulting service users at a local level.

Work has been undertaken to streamline and standardise processes, particularly in relation to the referral and decision making process for children and the recruitment and assessment of



prospective adopters. A Joint Adoption Panel for the four authorities was established in October 2015. Work is ongoing in the other areas of service.

The level of demand for the service has remained high. The Collaborative receives a large number of enquiries from prospective adopters (202 in 2015/16) and has a significant number of children being referred for adoption (132 from 1st June 2015 to 31st March 2016). These areas have been prioritised in terms of service delivery to reduce delay and ensure that timely placements for children requiring adoption can be made. The service has also seen considerable growth in the number of referrals for Adoption Support services (51 from 1st June 2015 to 31st March 2016) which is posing challenges in terms of delivery. Some short term proposals have therefore been agreed to address the backlog of work in this area.

Performance monitoring and maintenance is a key priority for the National Adoption Service (NAS) and the Collaborative. VVC reports against a range of nationally agreed performance indicators on a quarterly basis. During 2015/16 the Collaborative placed 70 children for adoption and although this represents some reduction to the previous year, this also reflects the overall national downturn in the numbers being placed for adoption. The service has improved performance in respect of the timeliness of the adoption process for children and in the numbers waiting for adoptive placements. The region has also performed well in respect of the approval of adopters, approving per head, 109 adopters in the past year. Assessments of prospective adopters were completed well within the national timeframe.

Improvements have also been made to the birth parent counselling service and actions are being put in place to address the shortfall in respect of those performance indicators which remain the responsibility of the individual local authority, namely the provision of Later Life material for children placed for adoption.

The establishment of the Collaborative has represented a significant organisational change to the way adoption services were formerly delivered, which has created challenges but also provided opportunities to develop services differently. Collaborative working is now begun to show benefits in terms of providing a clearer picture of need and resource highlighting areas of deficit. The priority for the Collaborative in the coming year is therefore to build upon what has been achieved to date and to further develop the service to ensure that performance levels are maintained and enhanced in those key areas.

Adults

The City of Cardiff Council is committed to prioritising services that support those who are most vulnerable. Population growth and the current climate of austerity mean that more people than ever will need access to support. In order to support people in vulnerable situations and promote their well-being, the Council recognises the need to focus on the development of a range of more effective services to prevent the need for vulnerable adults to be cared for away from their homes and families. Adult Services advises, informs and supports citizens through a range of interventions which include community care services for adults who need care and support.



Our aim is to achieve the following outcomes for service users and their carers:

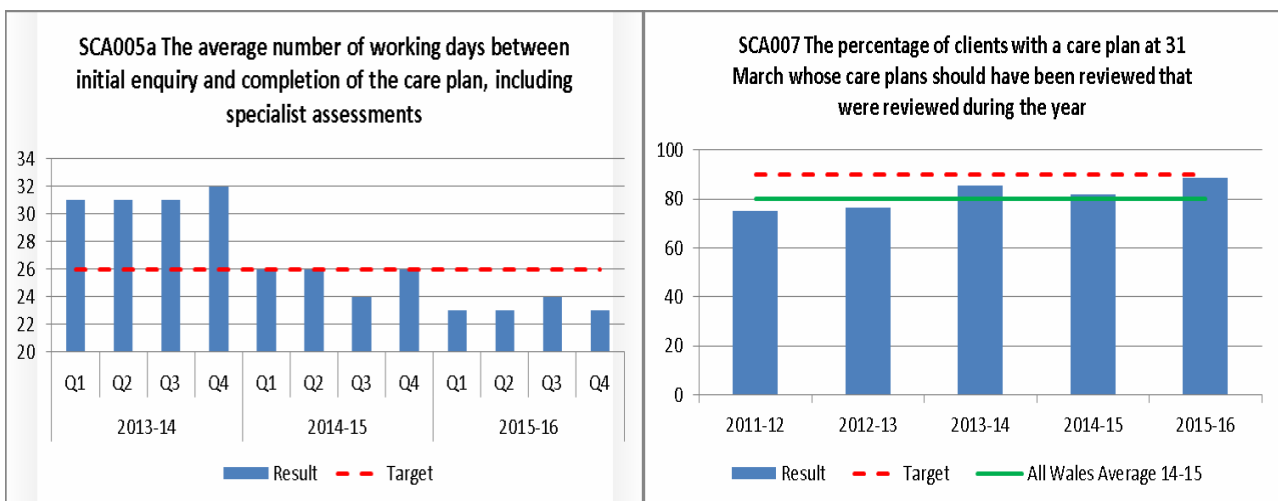
- Developing a better understanding of the needs of individual service users and communities.
- Expand and improve integrated working through collaborative work with Health.
- Listening to our customers and providing prompt and effective services within their localities.
- Promote and maintain wellbeing.
- Reduce hospital admission.
- Support service users to achieve their full potential.

Responding to the budget and demand pressures that the Council faces will mean thinking differently about how many services are designed, delivered and commissioned. Increased partnership working, with communities, third sector, public services and other local authorities will be required to provide more cohesive and integrated services that can be responsive to demand. It will also mean being more focused on prevention and when and where services are deployed and delivered.

How much and how well did we do?

Adult Services received 7,898 enquiries and 460 Protection of Vulnerable Adult referrals during 2015/16. 8,285 adults were assessed or reviewed during the year and 7,771 were in receipt of services as at 31st March 2016, of which 1,074 were receiving residential and nursing care, 3,464 were living at home with social care packages.

Demand	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	2015/16
AS Referrals	2,115	1,866	1,855	2,108	2,069	7,898
AS Assessments	2,151	1,916	1,982	2,054	1,910 **	7,862
AS Open Cases	7,549	7,662	7,858	7,756	7,771	7,771



Adult Services have made considerable progress in improving the timeliness of reviews for older people during 2015/16 compared to 2014/15. The overall result for 2015/16 for the percentage



of clients with a care plan at 31st March 2016 whose care plans should have been reviewed that were reviewed during the year was 88.8% compared to an overall result of 82.0% for 2014/15.

Increasing the number of people who are able to remain at home

A new build scheme started in 2015/16 as an extension of the existing Dol Y Hafren accommodation and care scheme to create additional units of housing. It was initially intended just for young people with physical impairments but we have had agreement to offer tenancies to older people as well. The site comprises 13 flats and 2 bungalows. Once completed the tenancies will be offered to those who require care and support and this support will be offered from the on-site care team, 24 hours a day, 7 days a week.

Our Visual Rehabilitation Officers are helping people with a visual impairment to maintain their independence. During 2015/16 Adult Services contributed to a joint project run by Cardiff University School of Optometry and the third sector organisation Sight Support to estimate the effect of a Rehabilitation Officer intervention on self-reported functional, psychological and quality-of-life (QoL) outcomes in elderly individuals with low-vision. The following evaluation was received from one of our service users *'X gained my trust at the outset and has dealt with my condition in a very relaxing and professional manner. X has the ability to be able to listen and understand whilst still focussing on the job in hand. X's suggestions were discussed jointly between us, this enabled me to understand the reasons and how it would help me.'* The research been completed and a report will be submitted for publication.

Review of Day Services

The Day Opportunities Strategy for Older People was submitted to Cabinet in March 2016. The Strategy aims to prevent social isolation by enabling older people to achieve their chosen outcome by:

- Providing information, advice and assistance to encourage independent access to social activities and engagement opportunities.
- Providing assistance to those who need it to access community services and activity through targeted intervention and support.
- Supporting the most vulnerable through high quality specialist day services.

Case studies from the Draft Strategy for Older People's Day Opportunities

Mr. Q is a 99 year old man who is cared for by wife. Both feel that regular respite by day centre attendance 3 days a week is holding things together and is the only service they wish to receive.

Mr. P is an 82 year old man who receives a care package 7 days a week. He requires a great deal of reassurance and supervision. Regularity and consistence of day centre attendance 5 days a week helps to sustain his wife's carer role.



Mr. H is an 84 year old man who attends a day centre 1 day a week. This enables his daughter, with whom he lives and who is his main carer, to have a regular break from her carer role and prevents the need for a care package.

As part of the Day Opportunities Strategy, Adult Services commissioned a pilot project from Age Connects (Healthy Active Partnerships) to deliver a volunteer-based model of service to address the issue of social isolation and to support older people to be more engaged within their communities. There currently 148 volunteers currently involved with the project and its evaluation will inform the commissioning of a service going forward from April 2016.

Age Connects - Healthy Active Partnerships (HAPS) Feedback

*'I feel like a normal person...she's taken me to the museum and out for a cup of tea'.
'It has been very helpful...we go to Roath Park and have a cup of tea and I cannot go out alone'.*

Floating Support Case Study

Ms. C has a long standing history of schizophrenia which has been complicated in the past by non-compliance with medication and alcohol dependency with paranoia and low motivation. She had been living in a residential care setting for 12 years but expressed a wish to live independently.

Ms. C was referred to the Gofal Floating Support Project in July 2015 in order to support her with this transition – they met with her for one hour each week, in order to establish a working relationship as well as to support her with her application for housing through Cardiff Council Housing Resettlement Panel.

Ms. C was offered a property and Gofal FSS staff supported her with the initial viewing and signing for the tenancy – this ensured all her thoughts and concerns were addressed appropriately with the Housing Officer. Gofal FSS increased support hours in order to reflect Ms. C's needs regarding preparation for the move and during the initial two weeks of the new tenancy. Gofal FSS staff applied for funding for financial support towards the move and for furniture for the new property via the Discretionary Assistance Fund. In addition, staff supported Ms. C to set up utilities and register with local health professionals, also linking her into the new Community Mental Health Team (CMHT). Gofal FSS worked closely with Ms. C's CMHT to ensure all her needs identified within her Care and Treatment Plan were appropriately met. Gofal staff are currently supporting Ms. C to take her medication, to compile a budgeting plan and encouraging her to manage her income and outgoings appropriately. They have acknowledged Ms. C's wish for support in identifying and accessing activities in her new local community, such as the gym, crafts classes, etc. Feedback from Ms. C and from her CMHT is very positive about the support that Gofal FSS have and continue to offer.

Customer Satisfaction feedback - Floating Support

*'I'm thankful to all the staff who have supported me.'
'I can't fault [the staff] they make it about me which it should always be about. Staff team are excellent. Well done all!'.*



Closer to Home Case Study

Mr. B is a young man aged 19 with a moderate learning disability, communication difficulties and Attention Deficit Hyperactive Disorder (ADHD). He had been subject to a Care Order which ended when he turned 18 years. Mr. B had experienced several placement changes, both with education and fostering since initially being accommodated in 2001. He was described as exhibiting behaviors which were challenging and unpredictable. He was living in Cornwall with a foster carer when he was assessed by the Transition social worker. Mr. B was very keen to live as independently as possible, post foster care and was very keen to move back to Cardiff. He was born in Cardiff, spent his formative years here and was keen to see family more often and to rekindle some family relationships. Several foster placements had broken down. Mr. B was keen to remain living in a supported environment to gain confidence. He was keen to develop his daily living skills and to access education. Mr. B was proposed for a new Closer to Home Supported Living Scheme in Llanrumney, Cardiff via the Closer to Home & Move On process in August 2014 and moved in the October 2014. Mr. B has taken some time to settle since being back in Cardiff. The damage from difficult family background and of having experienced a series of broken down foster placements was evident. He has pushed boundaries with his support staff, educators and co-tenants. However, with close multi-disciplinary input from his Case Manager, his Support Provider and from the Learning Disability Health Team he is now starting to feel safe and secure. His support needs and his emotional needs are being well met and his boundary pushing behaviors are depleting. He has regained contact with several family members, which has not always been easy; but this has allowed Mr. B to feel a sense of history and belonging which he had struggled with for a long time. Mr. B is proud to have a tenancy and is developing into the young adult he wanted to be.

Develop an integrated approach with the Community Addictions Unit

The Substance Misuse team has worked closely with Health to develop and establish an integrated approach for people with Alcohol Related Brain Damage (ARBD). The first joint ARBD session for staff took place in September 2015 and looked at specific service users and suggestions about their care plans. The aim is to establish these joint meetings on a monthly basis and provide additional 'refresher' training.

The Ty Cornel was a project set up in February 2015 with partners and funded by Cardiff County Council to provide supported accommodation for 6 adults with alcohol dependency. The Substance Misuse team worked with partners to develop a modern, well equipped house to accommodate adults who had become unresponsive to alcohol treatment programmes but who were vulnerable and unable to cope with life. The staff team at Ty Cornel support the personal development of the tenants by promoting the importance of personal care and hygiene as well as a balanced diet and a controlled approach to use of alcohol. Alcohol Concern in London visited the project in January 16 as part of identifying and researching good practice models with Change Resistant Drinkers.



Complex Needs House - Ty Cornel Case Studies

Mr. D – Mr. D is a 67 year old man who has been known to the City Centre Social Work Team since January 2013. He came to our attention when he was evicted from Grange Lodge Residential care home which he had been in for 2+ years. He was evicted for alcohol related behaviour, verbal and physical aggression. Prior to this he was renting from a private landlord and evidence suggests he was being financially exploited and plied with alcohol. Historically Mr. D has sustained a head injury, 1 major stroke and several mini strokes. The effects of these have had significant effect on his speech, language and general ability to communicate. Mr. D is unable to undertake most daily living tasks and requires significant support to ensure his basic needs are met. For example, Mr. D cannot ensure he has regular nutrition; he cannot ensure he has clean clothing or maintain good standards of personal hygiene, it is important to note he is regularly incontinent. In the past Mr. D had numerous and extended periods in hospital, frequently attending A&E. Since moving to Ty Cornel Mr. D's mood and drinking has stabilised, he maintains a good diet, engages with staff and regularly goes out to socialise. Any hospital admissions have been planned. Mr. D states he is happy living at Ty Cornel and this is apparent in his behaviour; staff regularly state he is a pleasure to have in the house.

Client Record System (CareFirst) Improvements

The Adult Social Care Performance Reporting and Data Cleansing Project Group was established during 2015/16 to improve the quality of data held on the CareFirst System. An audit of 2,120 client records has taken place and 588 have been updated to ensure the correct information is held. In addition all 1,158 Residential and Nursing records have been updated with only five still requiring clarification from the Case Manager. The cleansing of core data will ensure the correct and timely reporting of data.



APPENDIX 4 – TRANSITION DETAIL

Young people have the necessary skills and support to prepare them and their carers for a smooth transition to adult life and optimum independence

This appendix provides further information about progress made during the year in relation to the Transition outcome.

There have also been very positive developments with regard to education, employment and training from the Looked After Children Traineeship Scheme – see above.

How much and how well did we do?

During the year, 37 young people have turned 18 and transitioned on from Children’s Services. 35 of these young people moved through into Adult Learning Disability Services, and 2 young people left Children’s Services with their care and support needs being met within their local communities.

Case Study – Step down transition

Mr. C is a young person receiving teen scheme via Child Health & Disability team payments – Receiving support from the Disability Team Around the Family has been better than I thought it would be. I can still access the services I need for my teenage son, and he loves attending the teen scheme. He can still be around his friends and the same people who have been supporting him for the last year.

New working relationships have been established this year between the Disability Team Around the Family and the Child Health and Disability Team, so that families and young people who transition between services do not experience disruption or have to repeat their story. This joint working approach has enabled shared assessments, open communication and a joint approach to meeting needs more effectively and at the right time.

Step down Cases – Transition to the Disability Team Around the Family

During the year, 47 disabled children and young people were assessed by Children’s Services as having needs which could be met outside of the services of the local authority. Of these 47 referrals:

- 3 were young people who had made improvements since being open to Child Health & Disability Teams (CH&D) and who went on to receive their support via the Disability Team Around the Family Service (DTAF). Throughout the year, these 3 young people have not



required any subsequent support from CH&D, 2 of the young people continue to receive support via the DTAF Service.

- 31 young people with additional needs were initially referred into Children's Services but were redirected to receive services from the DTAF. This approach has ensured that young people have received the right level of services based on initial presenting needs.
- 13 young people have been stepped down from Children's Services to the DTAF Service whose needs have been best met within the generic Team Around the Family Service.

As a result of the creation of the DTAF we expect to be able to map the progress of these young people and the hope for the future is that young people whose needs can be met within community based services, will not need to then be further supported by statutory social services.

Case Study – Child Health & Disability / Adult Learning Disability / Health

Miss A had multiple planning meetings between Children's and Adult Services with the family which supported a clear assessment of needs and future needs. All agencies were involved in the information provision which ensured that there would be no disruption to service provision or to the young person. The family felt well informed through the transition between services, and felt involved and valued from the beginning with a clear understanding of who was working with their family and why. It was then easier to discuss their daughter's care planning including the need for a Decision Support Tool assessing her eligibility for Continuing Health Care funding.

Case Study – Child Health & Disability / Adult Learning Disability

Miss B transitioned into Adult Services at a time when her social worker from Children's Services was absent from work. This made the transition process for the parent and Adult Services social worker difficult as the parent had to repeat themselves and assessment information wasn't readily available. Whilst this did not impact on the services the young person received, the experience of the family and the social workers could have been improved and the ongoing working relationship could have started better.

As a result, transition planning and introductions will start earlier, to better plan for future needs, but also to prevent a more difficult transition through unforeseen circumstances.

In relation to the Looked After Children Traineeship Scheme:

- 60% of young people reported positive experiences in the scheme.
- 11% of young people reported better outcomes after involvement with the scheme.
- 26% of managers reported feeling supported by the scheme.
- 54% young people have finished in placement before 3 months.



Transitional Support for Disabled and Vulnerable Children Approaching Adulthood

The Remodelling Services for Disabled Children and Young Adults project aims to remodel services for disabled people aged 0-25 years in the Cardiff & Vale University Health Board (UHB) area, working with partners to improve access to community based support; reduce dependency on high cost care placements; and optimise the use of resources. The project also aims to improve young people's experiences of their transition to adulthood and to engage parents more effectively in the planning and design of services.

An Integrated Operational Change Manager is in post and a draft Project Brief and Project Plan have been developed in consultation with Heads of Services in Cardiff, Vale of Glamorgan and UHB, providers of services and parents.

Work to ensure young people with disabilities are identified as needing transitional arrangements has included:

- First meeting on Transitional Planning held between relevant Operational Managers. The group will link with the Looked After Children Service and plan to view the Vale model for transitional planning to establish whether or not it is appropriate for use across both authorities as it appears to work in practice for the Vale.
- Principal social worker in the Child Health & Disability team to take the lead on work related to timely and appropriate transitional planning. This work will be undertaken in close liaison with Adult Services.

Pathway Planning for Disabled Children

Over the coming year we will embed a process that underpins holistic transition for young disabled people, which will be supported by relevant practitioners from Health, Social Services and Education and spans across both Children's and Adult Services. This will ensure that relevant information will be shared in a timely way and at the earliest opportunity, enhancing the experiences of families, young people and young adults. To achieve this Cardiff Social Services will work together in partnership with all agencies and regionally with colleagues within the Vale of Glamorgan.

Pathway Planning for Care Leavers

The 'When I Am Ready' Scheme (post-18 living arrangements which allow young people to continue living with their foster carers beyond the age of 18) is an expectation that all local authorities will set up in line with the guidance during 2015/16, ready for when their new duties under the Social Services & Wellbeing (Wales) Act 2014 come into force in April 2016. The Scheme was implemented and tested in Cardiff in advance of the statutory deadline.



APPENDIX 5 – WORKFORCE DETAIL

Cardiff is the destination of choice for committed social work and social care professionals

This appendix provides further information about progress made during the year in relation to the Workforce outcome.

The delivery of excellent services through a well-qualified, skilled, engaged and motivated staff group is fundamental to the success of all public sector organisations. In the City of Cardiff Council, we are fortunate to have high quality committed staff that play a vital role in the delivery of quality services to the people in Cardiff.

An overall profile of the workforce is required to shape the commissioning of integrated services going forward. Better / improved workforce planning will help us better align the needs and priorities of the Directorate with those of its workforce to ensure that it can meet legislative, regulatory and service requirements and organisational objectives. It will ensure that we have the right people with the right skills in the right place at the right time.

We have continued to ensure that the workforce has access to relevant qualification and have explored ways in which our in-house QCF facilities can be expanded to offer qualifications across the region.

We have also continued to develop the knowledge and understanding of the workforce in order to implement the new Social Services & Wellbeing (Wales) Act 2014 and have carried out work to expand the E-learning portfolio working in partnership with the Learning Pool.

We have built on existing manager forums to strengthen information sharing and have started to develop opportunities for this to be rolled out across the region. Good lines of communication are in place to ensure that available resources such as the Care Council for Wales Hub on the Social Services & Wellbeing (Wales) Act 2014 are maximised by our social care workforce.

Examples of ways in which effectiveness and quality are measured are as follows:

- Evaluation sheets for training are completed by participants providing an indication of the quality of the training provided and whether it has met expectations.
- The Training Unit undertakes exit interviews for Children's Services social workers who are leaving the Authority and provides a feedback loop to the management team in order that lessons can be learned.



How much and how well did we do?

- There has been a comprehensive programme of development compiled by the relevant training officers that was based on the responses to training needs analysis sent to Social Services teams. It covered a wide range of subjects from safeguarding, outcome based accountability to toxic trio training and many more.
- It ensured that key changes to legislation, regulation, policy and practice are covered in the annual programme of development. This would include such things as the Social Services & Wellbeing (Wales) Act 2014, More Than Just Words and the Dementia Strategy for Cardiff & the Vale of Glamorgan.
- In order to facilitate the development of practice knowledge and skills across the workforce a robust training plan has been produced which has resulted in the number of attendees at training being 5,135 during 2015/16.
- We supported three staff on the Social Work degree programme following a rigorous selection programme that was endorsed by senior managers. During 2015 we have supported a total of five secondees at various stage of their social work journey.
- We continue to offer Qualifications and Credit Framework (QCF) qualifications to both internal and external staff through a mixture of in-house provision from our own QCF accredited centre to working in partnership with two local colleges. The number of learners registered in 2015 was in excess of 150 and they have a three year time frame in which to complete their award. During 2015/16, 25 completed their awards across all levels.
- A team manager programme has been set up to deliver a range of training / information sessions to all team managers in Children's Services. This came about as an identified need from the Assistant Director in Children's Services that some managers have not engaged in training for a period of time. The programme is offered as Continuing Professional Development and upskilling to ensure a progressive pathway and as part of a maintenance programme for existing managers.

Workforce Strategy

A Children's Services Workforce Strategy has been agreed during the year to improve workforce planning, recruitment, retention and staff learning and development. An action plan has been developed and a task group set up to oversee implementation of the plan in 2016/17.

Engagement with Adult Services has commenced regarding next steps towards a developing an overall Social Services Workforce Strategy.

We have enabled staff to access a wide range of learning opportunities delivered using various learning methodologies that include gaining qualifications e.g. social work degree offered via a secondment programme, QCF Diplomas in Health & Social Care and Approved Mental Health Practitioner (AMHP) - a progression qualification.



Staff have also accessed external training programmes, such as a team manager development programme delivered by the Social Services Improvement Agency.

Alongside these there is a complete calendar of learning opportunities that are delivered using an interactive method of learning that ensures the audience is able to transfer this knowledge back to the work place.

We have supported the planning for the remodelling of Children's Services by developing a workforce plan that addresses the training and professional development needs of staff as the service area embarks on implementing a new approach and service model (Signs of Safety / Restorative Practice).

Rationalise the Social Care Workforce Development Partnership

We have established a regional Care and Support Workforce Board consisting of statutory, third sector, independent, private sector and academic institution members. The board is responsible for leading key strategic developments to re-skill the whole social care sector workforce in order to respond to the requirements of the new Social Services & Wellbeing (Wales) Act 2014. An Operational Group will take forward the detailed delivery plan and a project group is also taking forward a commitment to regionalise the two Council's training units into a single unit in collaboration with Cardiff Academy.



APPENDIX 6 – RESOURCES DETAIL

Social Services are provided on the basis of the most efficient and effective use of resources

This appendix provides further information about progress made during the year in relation to the Resources outcome.

Children's Services

The outturn position for Children's Services for 2015/16 shows an overspend of £2,013m compared with £2,312m in 2014/15. Despite a reduction in the number of looked after children during the year (from a high of 662 in June 2015 to 644 at 31st March 2016) the commissioning mix for placements has become more costly. This is because there has been an increase in the proportion of children presenting extremely complex challenges who need externally purchased placements with very high support ratios. In spite of this however, there is also a significant shortfall (£1.1m) against the £2.7m savings target set for the service as part of the 2015/16 budget which is attributable principally to the failure of a provider to deliver services in support of a new Payment by Results initiative. Nevertheless, there has been a continued focus on returning children placed in high cost out of area placements to Cardiff that has been successful in returning 7 children to Cardiff at an estimated saving of £316,000.

Adult Services

The projected outturn position for Adult Services for 2015/16 shows an overspend of £3.3m. Total savings of £4.4m are projected against the £8.4m savings target, leaving a shortfall of £4m in the financial year. This reflects the number of unachieved savings in the Directorate outturn position. There are offsetting underspends in areas where greater growth was anticipated in 2015/16, notably in domiciliary care and in areas impacted by deprivation of liberty regulations.

There are ongoing pressures on externally commissioned services for older people, notably in relation to domiciliary and nursing care, where there has been a significant increase in the unit price. It also reflects an increase in the level of care hours delivered via Direct Payments across the service. As indicated above, growth in domiciliary care has been less than in previous years, reflecting ongoing reablement and preventative measures.

Responding to the budget and demand pressures that the Council and its public sector partners face during 2016/17 will mean redesigning the delivery and commissioning of services for the future.

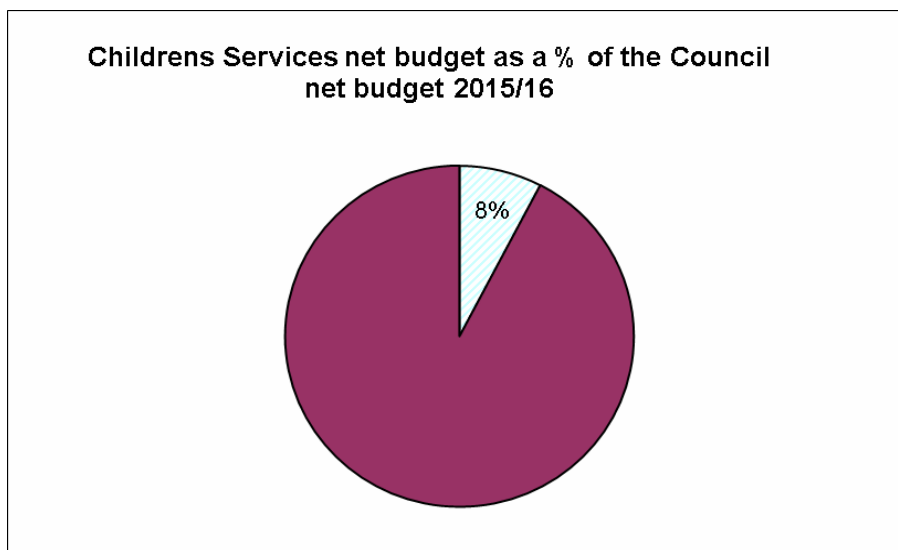
Supplementary Financial Information

There are 350 full time equivalent established posts in Children's Services providing services to 2,539 service users.

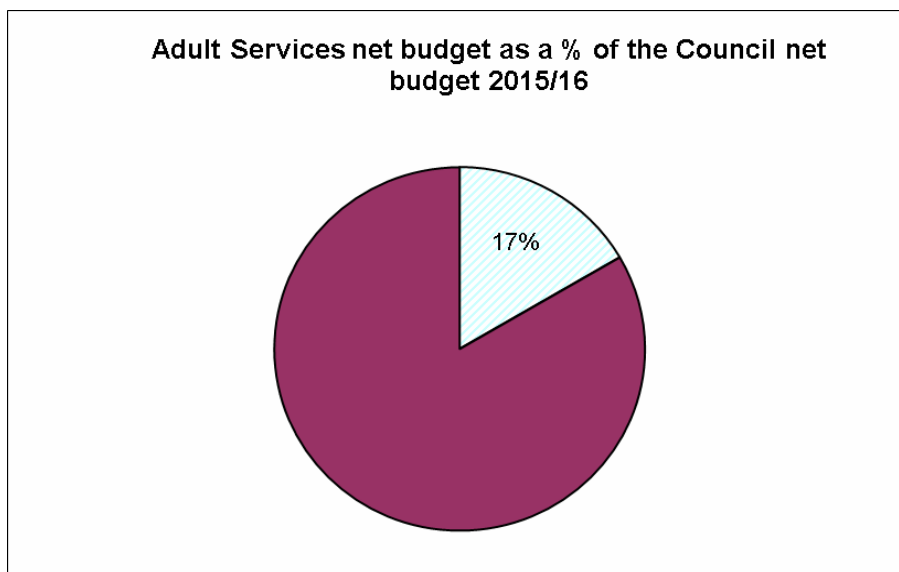
There are 650 full time equivalent established posts within Health & Social Care managing 7,771 case allocations.

The charts below show the budgets for these service areas as a percentage of the overall Council budget.

Children's Services net expenditure budget 2015/16= £45,620,000.



Adult Services net expenditure budget 2015/16 = £95,654,000.



Total Council net expenditure budget (all services) £570, 219,000.



Benchmarking

As part of our 2015/16 corporate commitments, Social Services were required to evidence how we 'benchmark service performance with core cities, or relevant benchmark organisations, in order to drive better outcomes for citizens, businesses and visitors'.

An exercise was undertaken to compare the 2014/15 Children's Services outturn with the 2014/15 all Wales average. This gives an overview of how Cardiff is performing in comparison to other Welsh authorities and is also used to inform target setting. Work is undertaken on a quarterly basis to consider quarterly performance against the 2014/15 all Wales average to monitor continuous improvement. Work to compare performance data between Cardiff and English authorities comes with inherent difficulties relating to differences between overall datasets, detailed PI definitions and legislative differences. The top 10 most comparable English cities have been identified, but a decision has been taken to put this work on hold following the release of new performance reporting requirements under the Social Services & Wellbeing (Wales) Act 2014. The Director has recently joined peer Directors in a Social Services Core Cities network (principally relating to Children's Services) where best practice and comparative performance work can be furthered.

Adult Services benchmarks extensively, liaising with other authorities in support of specific actions such as policy decisions, strategy development, and commissioning services, as well measuring ourselves against them on an ongoing basis through our performance management framework. In 2015/16 we have benchmarked in the areas of Direct Payments, Meals on Wheels, Drug and Alcohol Social Work provision, Extra Care commissioning, Transitions for Care Leavers, Adult Placement commissioning, the Unison Ethical Care Charter and Advocacy commissioning.

Consideration is being given to working with other Welsh authorities during the development of the new PIs in 2016/17 which is being treated as a benchmarking year for the authority due to changes in performance reporting requirements.

In relation to referrals / the Multi-Agency Safeguarding Hub (MASH) - there has been learning from Cwm Taf in relation to their developments for the MASH. This includes:

- Barriers and challenges that they faced during development.
- Having the right people on the project board for decision making and consistency.
- Staffing capacity and resource availability.

The MASH Project Manager has also been in contact with other Local Authorities (such as Staffordshire and Gloucester) regarding the development of Information Sharing Protocols.

In relation to complaints, information regarding the approach to commissioning Stage 2 Complaints Investigations has been collated. During 2015/16 meetings and discussions took place with Commissioning and Procurement to consider the outsourcing of Stage 2 investigations to improve efficiency within the complaints process. Further work is planned as one Directorate in 2016/17 to carry this work forward.



APPENDIX 7 VIEWS OF SERVICE USERS

If service users and carers are involved in planning and reviewing social care services, those services are more likely to meet their needs. Social Services believe it is important to involve and consult with service users and carers so that their views are listened to. Some examples of this during 2015/16 include:

Children

Children's Services held two consultation events with children and young people – a Listening Event in March and a face to face challenge session with young people based upon their own analysis of this report. Feedback from both these events was:

- Young people would like to be consulted more about their looked after reviews – including where the reviews take place and how the experience was for them. Young people have asked to be involved in work to update the Looked After Review Consultation Document.
- Young people requested that contact arrangements are more sensitive to individual circumstances and more reflective of family life.
- Although concerns were raised about the number of Personal Advisers, very good feedback was received from a number of young people about the quality of support received from the Personal Adviser Service, which they value highly.
- Young people would like a user friendly version of this report.

In addition to this:

- Children and young people were consulted during the development of the Corporate Parenting Strategy.
- Young people were also involved in the interview process for Personal Advisers during the year, and there are plans to expand on this in 2016/17.

Adults

Adult Services approached a number of stakeholder organisations regarding the challenge process and they responded positively, being keen to engage and provide feedback. Common themes emerging from the feedback were:

- The report is lengthy.
- Suggestions that there be an 'Easy Read' format / version.
- Case studies are good and valuable.
- Suggest more service user / carer quotes.



- Feel in some areas we 'under play' the challenges e.g. Delayed Transfers of Care and the instability of the Domiciliary Care market.
- Partnership working could be expanded upon.
- All were grateful that they had been consulted and for the opportunity to comment.

In addition to this:

- The Day Opportunities Strategy for Older People was completed during 2015/16 with a consultation period of approximately 3 months. 213 written consultation responses were received and fed into the draft strategy, which was submitted to Cabinet in March 2016.
- Providers who wish to provide Home Support Services to the City of Cardiff Council are accredited by the Council and enrolled on the online Approved Provider List (APL). This system aims to increase capacity in the market and whilst monitoring and improving the quality of services. Every offer submitted is evaluated using a quality:price ratio of 50:50. The quality 50% aspect is made up of service user feedback obtained from completed domiciliary care customer satisfaction surveys. Any negative comments of formal complaints are also followed up as part of this process.
- The Adult Services Customer Satisfaction framework came to an end on the 31st March 2016 with the introduction of the Social Services & Wellbeing (Wales) Act 2014. As part of the implementation plan for the Act, a Performance Management Task and Finish Group was set up in 2015/16 to ensure we have a consistent approach across the region. Recently a Cardiff and Vale of Glamorgan subgroup has been formed to look at the collation of qualitative data. This qualitative data will include asking people about their experience of Social Services and whether this has contributed to improving their wellbeing.



APPENDIX 8 COMPLAINTS AND REPRESENTATIONS

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. These arrangements are currently under review and a single integrated function will be introduced in 2016/17 as part of a wider Social Services Business Unit.

Children

Children's Services received 135 complaints during 2015/16, a 44% decrease on the 195 complaints received during 2014/15. 20 complaints were received direct from children and young people (or an advocate) during the year compared with 26 in 2014/15.

There were 9 Stage 2 investigations initiated in 2015/16 compared with 12 in 2014/15 and there were no Stage 3 Review Panels, compared with 1 in the previous year. There were 4 referrals to the Public Service Ombudsman for Wales, compared with 1 in 2014/15.

Stage 1 complaints are resolved effectively which means that only a small percentage of complaints – 7% (9 / 135); proceed to Stage 2, Stage 3 or the Public Service Ombudsman for Wales.

Adults

Adult Services received 75 complaints during 2015/16, a 25% increase on the 60 complaints received during 2014/15.

There were 3 Stage 2 investigations in 2015/16 compared with 5 in 2014/15, and there were no Stage 3 Review Panels, compared with 1 in the previous year. There were 2 investigations by the Public Service Ombudsman for Wales, the same as in 2014/15.

Stage 1 complaints are resolved effectively which means that only a small percentage of complaints – 4% (3); proceed to Stage 2 or the Public Service Ombudsman for Wales.

Themes

From the complaints received during 2015/16, the following themes were identified in relation to children and adults:

- Complaints are around quality of care e.g. service delivery / missed calls.



- Case management and review e.g. unhappy with service provided by social worker and / or assessment outcome.
- Other - examples from Children's Services include:
 - Financial matters relating to Special Guardianship Orders.
 - Issues relating to contact between looked after children and their families.
- Other - examples from Adult Services include:
 - Learning Disabilities services where college placements have not been funded.
 - Time taken to undertake assessment and decision making process.



APPENDIX 9 GOVERNANCE AND ACCOUNTABILITY

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 2015/16. In the context of significant Council wide financial challenges; the Council has realigned Social Services' budgets to the value of £7.2m and identified additional funding both for demographic growth and for specific pressures to the value of £1.74m. 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. In 2014/15, the Council concluded that it was 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.

Given the progress achieved in year in Children's Social Services it was agreed that the Children Services Improvement Board could be stood down and the improvement agenda is now



integrated on a business as usual basis. This allowed us to turn our attention to the creation of a wholly different and city wide approach to supporting children and families on a universal basis rather than the more narrow and inward focus on the statutory service alone. Together with senior partners and chaired by the Chief Executive, it is our belief that real change for children more broadly and in terms of preventing the need for statutory intervention, will only come when the whole community prioritises children and enables their growth and development as the basis of all our futures. The Council and its partners have therefore, committed to work to towards making Cardiff a 'Child Friendly City'.

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 of Social Services, 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 progressing Multi Agency Safeguarding Hub developments, the development of an Early Help Strategy, and the development of new solutions to accommodation for independent living for young people and care leavers.

An Adult Services Improvement Board similar to the Children's Services predecessor was established in the Autumn, again chaired by the Chief Executive. The Director and the Board were supported in their improvement agenda by an independent 'diagnostic' that was undertaken by a Welsh Local Government Association (WLGA) associate and presented to the Community & Adult Services Scrutiny Committee and to the Challenge Forum. This enabled the early development of an improvement plan that focused on the key ingredients of success and included the Social Services & Wellbeing (Wales) Act 2014, an overall structure for the new Directorate, Integration, Performance and Budget. In addition the improvement plan has enabled better 'grip' on the development of new models of delivery. Again the Organisational Development Programme played a significant role in supporting this agenda.

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.



Corporate Parenting Advisory Committee (CPAC)

2015/16 was the first full year of the newly constituted committee, having replaced the previous panel and strengthened the Council's commitment to good Corporate Parenting. CPAC managed a highly active work programme during a year which included the production of the Council's first Corporate Parenting Strategy. This comprehensive strategy binds partners together around a well-articulated set of strategic priorities for Looked After Children and Children in Need of Care and Support. In addition to its monitoring activity and consideration of regulatory reports and a quarterly complaints report, the Committee considered the experiences of adopters and adopted children; the impact on outcomes of the new Gateway Housing service for Young People; the progress achieved in relation to Care Leaver training and employment placements; the work of the Advocacy Provider; and the key work being undertaken to strengthen educational attainment for looked after children. A number of Committee members visited front line teams and spent a day at a 'listening event' with young people to get a better understanding of their perspectives and needs. A separate Annual Report has been prepared for consideration by Cabinet and Council.

Social Services & Wellbeing (Wales) Act 2014 (SSWB)

Good regional governance and project management arrangements were 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

The Corporate Safeguarding Board was established in March 2015. Reflecting the significance of its corporate remit, the Cabinet Member for Corporate Services and Performance took over the role of Chairperson at the Board's July meeting. The Terms of Reference and overall purpose include:

- Ensuring the compliance of all Council Directorates with key safeguarding requirements in relation to children and vulnerable adults.
- Promoting effective cross-Directorate safeguarding practice particularly in terms of information sharing and data collection, front-line operational awareness, staff training and wider partnership engagement.

A separate Annual Report of the work of this Board is due for consideration by Cabinet.



APPENDIX 10 PARTNERSHIP WORKING

Children's Services have undertaken some good examples of strategic partnerships during the year. These are referenced throughout the report and include:

- Development of an Early Help Strategy
- Continuation of work within the Cardiff and Vale of Glamorgan Safeguarding Children Board
- Remodelling services for disabled children
- Development of a Multi Agency Safeguarding Hub
- Implementation of Regional Adoption Service
- Social Care Workforce Development Programme

In Social Services, the Cardiff & the Vale of Glamorgan Integrated Health and Social Care (IHSC) Partnership submitted a number of investment proposals for older people, adults with learning disabilities and children with complex needs at the beginning of 2016 via the Intermediate Care Fund. This was to include a Discharge to Assess project for domiciliary care. An outline implementation plan was included in the proposal. The overall aim of this work is to allow:

- Individuals aged 65 years plus the opportunity to leave hospital at an earlier stage, with access to an appropriate assessment of need within their own home environment as opposed to a ward environment and provide them with improved access to a reablement service where potential improvement is identified.
- Reduce the number of delayed transfers of care associated with community assessment / arrangements across Cardiff and the Vale.
- Ensure clarity of referral pathway for patients returning home, where currently there is confusion as to whether the Integrated Discharge Service or Community Resource Team is the correct route to follow.
- Ensure robust assessment of individual needs and ultimately more prudent use of social care / health resources.
- Avoid the unnecessary placement of individuals into institutional care, thus maximising care home capacity for those who really need it.

If funding is agreed the scheme will commence from the 1st April 2016.

The IHSC Partnership continues to monitor the delivery of work funded for adults through the Intermediate Care Fund and namely the following four projects - Single Point of Access, Preventative Interventions, Accommodation Solutions and (as mentioned above) Discharge to Assess. In December 2015 the Welsh Government confirmed the arrangements in relation to the remaining Intermediate Care funding (ICF) for the 2015/16 financial year. The focus of the remaining fund was to reduce the number of people who are delayed from returning home following admission to hospital. Cardiff and the Vale were allocated an additional £190k.

This is the final year of a three-year Regional Collaboration Fund Grant. This year the programme has been scaled down to reflect the reduction in the budget. It is focussing on two projects - Enhanced Reablement Services and Enhanced Services for People with Learning



Disabilities. The projects delivered in years 1 and 2 are either completed or have become business as usual. The projects in their third year continue to trial new models of working ensuring that these are delivered collaboratively across two or more of the partner organisations. The projects are working towards outcomes in line with the criteria set out in the grant bid.

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City & County of Cardiff Democratic Services Committee Annual Report 2015/16



**Democratic Services Committee
September 2016**

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Chair's Foreword

The Democratic Services Committee plays a key role in ensuring that all Councillors have the information, support and resources they need to represent the people of Cardiff.

Following years of successive staffing cuts to Member support I'm pleased that the recommendation of the Committee that no reduction in services to Members be made to the Committee and Member Services budget was met. The Committee have requested that this position be maintained in future years.

The Committee has overseen many other achievements over the past year. This includes implementation of the Modern.gov computer information management system, the roll out of the upgraded computer tablets and a survey on support for Members. A particularly valuable initiative was the introduction of the All Wales On-line Learning Academy which allows Members to learn new skills in the comfort of their own home at a time convenient to them. Examples of the courses include: Chaiing meetings, public speaking, managing time effectively and change management.

The Committee expressed grave reservations with much of the Welsh Government draft local government bill as they felt it made the operation of local government less democratic. For example, the proposals to make legal obligations on Councillors in certain areas risked them not being able to prioritise the needs of local residents.

Instead it was feedback that there should be improved liaison by the Welsh Government with local councillors in Wales. For example, better consultation on future legislation and new initiatives.

A key future priority is for the Committee to ensure that Members receive the full information they need in an accessible, timely and comprehensive way to perform their role. It is also important that the views of Members are heeded.

I want to thank the previous Committee Chair, Councillor Jayne Cowan for her unstinting work in championing the cause of Members. Many thanks too to the staff in the Committee and Member Services Office for providing such a professional service in a calm and encouraging way. Thanks also to our former Director of Governance and Legal Services, Marie Rosenthal and a warm welcome to our new Director, Davina Fiore who will be starting in September 2016.

Finally we also wish to recognise the valuable contribution of Councillor Chris Lomax to the Committee. His loss is sorely felt and we will miss his good humour and wise counsel.



Elizabeth Clark
Chair, Democratic Services Committee

Members of the Democratic Services Committee 2014/15



Councillor Clark



Councillor Dilwar Ali



Councillor Chaundy



Councillor Goddard



Councillor Graham



Councillor Hinchey



Councillor Hyde



Councillor Lomax



Councillor Murphy



Councillor Robson



Councillor Ben Thomas

Terms of Reference

The Committee remit is:

- (a) To carry out the local authority's function of designating the Head of Democratic Services;
- (b) To keep under review, the provision of staff, accommodation and other resources made available to the Head of Democratic Services in order to ensure that it is adequate for the responsibilities of the post; and
- (c) To make reports, at least annually, to the full Council in relation to these matters.

Committee Membership and Formal Attendance Figures

The Committee have worked together to progress the work of the Democratic Services Committee. The membership of the Committee has changed during the past year, although many existing members have remained from the inception in 2012.

Councillor	Possible	Actual
Councillor Dilwar Ali	4	4
Councillor Paul Chaundy	4	4
Councillor Elizabeth Clark	4	4
Councillor Susan Goddard	4	2
Councillor Andrew Graham	4	1
Councillor Graham Hinchey	4	4
Councillor Keith Hyde	4	4
Councillor Chris Lomax	4	4
Councillor Adrian Robson	3 <i>(Appointed by Council 23 July 2015)</i>	3
Councillor Jim Murphy	4	4
Councillor Ben Thomas	4	0

Member Development Strategy

Background

On 15 July 2015 the Committee reaffirmed the Member Development Strategy.

The Member Development Steering Group established by the Committee in 2014 met in July and August 2015 to review the Member Development Programme for 2014/15 and benchmark the proposed training against the WLGA Continuing Professional Development for Councillors Competency Framework. The framework sets out the range of skills and knowledge required by Members and provides a 'curriculum' of areas that authorities can consider when developing local strategies on Member Development including generic and specific competencies.

The key aim of this Council's Member Development Strategy is to ensure that there is support in place for every Elected Member and independent or co-opted member to enable them to acquire and develop knowledge and a full range of skills to support their many roles as Community Leaders and representatives of the Council.

The Member Development Strategy identified the following key themes:

- Frontline Councillor including Community Leadership and engagement;
- Corporate Governance and legislation, including business essentials sessions on Data Protection; Safeguarding and Corporate parenting;
- The Networked Councillor making effective use of ICT and Social Media;
- Scrutiny and challenge;
- Personal Skill Development e.g. Chairing Skills;
- Induction Programme and Mentoring.

All Wales On-line Learning Academy (AWA)

The Committee also heard from Rachel Searle and Rebecca Bradshaw from the All Wales On-line Learning Academy (AWA). All Members have been enrolled on to the AWA and can access on-line training modules aimed at Councillors and also employees. This provides Members who cannot attend formal sessions to undertake learning in their own time. Each of the courses available are modular and can be completed over a couple of sessions and Members receive a certificate at the end of the session.

Courses aimed at just Councillors include:

Councillor Induction and Skills

- Ethics & Standards
- Decisions for Future Generations

Personal Development

- Chairing Meetings
- Public Speaking Skills

Courses aimed at Councillors and staff include:

Introduction to Local Government Wales

Personal Development

- Presentation Skills
- Effective Minute Writing
- Effective Writing
- Meeting Skills
- Managing Yourself and Your Time
- Using E-Learning for Your Development
- Self Development
- Emotional Intelligence
- Giving and Receiving Feedback

Handling Information

- Sharing Personal Information
- Freedom of Information - A Guide for Local Authorities
- Introduction to Information Governance
- Direct Marketing
- Data Protection Awareness.

Health, Safety & Wellbeing

- Managing Health & Safety
- Stress Awareness
- Well-being of Future Generations (Wales) Act 2015
- Violence against women, domestic abuse and sexual violence

People Management Skills

- Optimising Team Performance - Delegation
- Supervising - Achieving Excellence Online Module
- Training and Development for Managers
- Team Leading and Improving Performance

Change Management

- Personal Resilience
- Change Management - Change & People
- Change Management-Introduction to Change Management
- Alternative Delivery Models

Financial Inclusion and Tackling Poverty

Social Services and Well-being (Wales) Act 2014

Further development of the AWA is taking place and Members will receive an update on additional courses and changes in September 2016.

Outcomes:

- 2 Induction programmes for new Members were completed in 2015/16
- 3 Members undertook the Leadership Academy programme;
- 28 Learning and briefing events were held in 2015/16;
- Member drop in sessions on Modern.Gov were well received;

The events included:

Budgets

- Council Financial Resilience and Medium Term Plans (2 sessions)
- Budget Strategy Briefing (2 sessions)
- Budget Briefings (3 sessions)
- Induction Training & Treasury Management for Audit Committee members

Governance

- Code of Conduct and Members' Interests (2 sessions)
- Scrutiny in a Changing Landscape Workshop (1 session)
- Information Governance & Freedom of Information (2 sessions)

- Corporate Parenting: An Introduction for Elected Members

Development Control

- Building Maintenance Framework & Construction Excellence Wales Briefing
- Webcasting for Planning Committee members
- Planning Governance & Protocols (1 session)

Other

- Networked Councillor - Introduction: Social Media for Democratic Engagement (1 session) and Masterclass (1 session)
- Member Development Programme - Marketplace event - Sessions 1, 2, 3
- Member Parking Strategy Briefing (3 sessions)
- Gypsy and Traveller - Elected Member Responsibilities (1 session)
- City Deal Briefing (1 session)
- Liveable City Report & Corporate Plan (1 session)

In addition, written briefings about many topics were provided to Members. These included: Crowd funding, youth innovation grants, Estyn local authority monitoring visit, Member Library facilities and the Cardiff Public Realm Manual.

It is also planned to work with other local authorities in offering shared training to make best use of resources.

Members Services – Support for Members

Background

Under the Local Government (Wales) Measure 2011 the Review of Support to Members Inquiry was tasked to review the provision and adequacy of staff, accommodation and other resources made available to discharge the Council's Democratic Services function and support to Elected Members.

The purpose of the inquiry was to:

- receive an outline of current direct resources relating to support for Members including support to over 350 Committees; sub committees; panels and adhoc meetings and additional clerking to Education Admission and Exclusion appeals approximately 3 panels a week.
- consider guidance and protocols on support; and use of resources;
- receive a summary of the range of duties and services currently provided to Members including level of demand and usage;
- review analysis of Member surveys;
- consider and make recommendations on future provision and services for Members within the budgetary framework;
- note that the provision of services outside of the Directorate namely Members Enquiry Service provided by C2C would be the subject of a separate report to the Committee in March 2016.

The remit of the Task Group **did not** include the provision of Members IT as this was managed through the Members IT Project Group and was under separate review.

Members received details of the resources available for Members Support Services; the staffing structure; and the number and variety of meetings and services provided. In 2015/16 Committee & Members Services provided support to over 350 Council, Committee, Panel and Board meetings, and 170 Education Admission and Exclusion; School Transport and Housing Appeals.

Outcomes

Following the completion of this inquiry the Committee recommended that:

1. The Director Governance and Legal Services submit a growth bid for 2016/17 to fund a permanent Member Support Assistant post and no reduction in services to Members be made to the Committee & Member Services budget.
2. The Constitution Committee undertake a review of the number and frequency of meetings; the effectiveness and purpose of Council meetings; and the remits of the committees to see if there is scope to combine roles or revise terms of reference to avoid duplication.
3. The Elected Members Handbook May 2012 be reviewed and updated to make clearer the services available to Members and delete provisions that have already been removed such as the dictation service. That this provision be

subject to the permanent support arrangement as identified in Recommendation (1) above.

4. The Democratic Services Committee receive a report from the Director Governance and Legal Services on the Welsh Government consultation on the draft second Local Government Wales Bill and provide their comments to input into the consultation process in particular to highlight concerns on the restrictive nature of the requirements and the need for direct consultation with Members by Welsh Government on the future proposals.
5. The Committee and Members Services Manager in preparation for the next Municipal Year considers how the provision of the helpful information formerly in the Members Yearbook can be made available in an economical format to Members if the consensus of Members is that this would be a valuable tool that they wish to re-introduce.
6. The Director Governance and Legal Services submit a bid for 2016/17 to reinstate an appropriate budget for the provision of hot drinks facilities at a minimal cost in the County and City Hall Members rooms, and that the Committee & Members Services Manager negotiate a base cost for this provision with Cardiff Catering.
7. Cardiff Catering is requested to ask the vending service provider to provide more healthy and less sugary food in its facilities.
8. The list of suggestions made by Members for improved support is taken on board as part of the provision of the permanent support arrangement as identified in Recommendation (1) above. These include other areas that could be managed and developed to support Members in the future which would require a level of staff resources: -
 - i. It was welcomed that following requests by Members, Scrutiny Chair's letters issued following meetings now appeared electronically alongside the minutes of the meeting agenda page. The next step was to include all Chair letters and Cabinet responses for the whole municipal year.
 - ii. Improve communication from the Welsh Government on their work programmes and published data;
 - iii. Refresh the Members Handbook and ensure it is kept up to date and details such as organisation charts of senior managers and operational managers including contact details are published alongside the Handbook on the intranet pages;
 - iv. Reference copies of Council papers to be kept in an easily accessible location;
 - v. Continue to develop and improve the data available; and review the indexing on the on Line Information System (MOLIS) so that it is easily accessible to members and include the following data if available:

- Registers of Council licences/permits. For example, Skips, Scaffolding, Alcohol, Food, Houses of Multiple Occupancy (HMO) Licences
- Officer decision register on Cardiff Council website to have same level of detail as that e-mailed to Councillors
- Section 106 register sent to the relevant ward members
- Comparative performance information for school governors.
- Contractor complaints/performance: work scheduling, contract management and how contracts can be reviewed
- Member briefings and training materials after despatch or delivery
- Good Council practice for example Association of Public Service Excellence, National Strategic Indicators (NSI's) and Public. Accountability Measures (PAM's)
- Performance data with other Welsh Councils and core cities in England.

The response from the Cabinet Member is anticipated in the Autumn of 2016.

Modern.gov Information System

Background

A Committee management and decisions system 'Modern.gov' was launched in May 2015. The system is currently used by over 280 Local Authorities in the UK and dovetails into the Cardiff Council internet and intranet webpages. The system cost £20,000 to set up and has running costs of about £10,000.

The system benefits Members by providing enhanced Councillor profile details to include meeting attendance records; Election results; Annual Reports, Twitter feeds, Committee Membership and other information.

Modern.gov is also used to create meeting papers and provides secure electronic access for Members to confidential documents via the Intranet. The system supports the management of Forward Plans and publication of decisions. This supports the governance of the authority and its stated aim to be transparent.

Member awareness sessions and learning opportunities on Modern.gov was offered to all Members during May 2015. The training demonstrated the Modern.gov platform and the improved webpage content. Members upgraded tablet devices have the Modern.Gov App pre-installed. The App improves accessibility to agenda and reports for Members of Committees. Elected Members, citizens and service users are able to subscribe to email notification of significant events occurring and issues being discussed.

In accordance with the Welsh Language Standards, Modern.Gov has a Welsh Language version for the publication of bilingual content. This is in accordance with the mandatory Welsh Language Standards which come into force on April 2016, which is currently used to provide bilingual content and Council Agendas. From 1 April 2016 all Agenda fronts and minutes will be required to be published in Welsh and English.

The Democratic Service team implemented the new system alongside their existing duties. Further enhancements to the Modern.gov platform are anticipated in the future, with a greater ability for Members to self-serve and interact with the Democratic Services team.

Outcomes:

- Provision of electronic agenda packs to all Councillors;
- Reduction in annual costs of printing by £7076.00 and Councillor postage by £5172.00;
- Greater accessibility of bilingual information;
- Increased ease for Councillors and staff to update details. For example, updating register of interests.

Members Information Computer Technology (ICT) Project

Background

The 27 June 2013 Full Council meeting resolved to provide mobile ICT devices (Tablets and smart phones) to save money and ensure proper up to date support for Members and to enable them to be less reliant on paper and work in a more mobile way.

Rollout of the agreed tablet devices option followed confirmation from the UK Cabinet Office that the Council met the requirements of the policy for Public Sector Network (PSN) connectivity in relation to mobile devices commenced in May 2014. This was supported by the Networked Councillor Workshops held on 24 & 25 June 2014 and ongoing training support by Democratic Services Officers and ICT officers.

The business case for the revised specification indicated a potential saving of £56,204 to be achieved over a three year period (2014/15, 2015/16 and 2016/17) (see table below).

Projected Costs/Savings						
	Cost of Capital £	Revenue Cost £	Total Cost £ of Option 1a		Current Cost £	Projected Saving £
Yr 1 (2014/15)	17,847	50,764	68,611		89,000	-20,389
Yr 2 (2015/16)	17,589	53,632	71,221		89,000	-17,779
Yr 3 (2016/17)	17,331	53,632	70,963		89,000	-18,037
Total	52,767	158,029	210,796		267,000	-56,204

The Committee received an update on the performance of the tablets at its meeting of 25 March 2015. Members were advised that a number of unforeseen hardware and software faults had occurred during the roll out period. The report summarised the nature of the faults which had occurred and the actions taken by ICT to mitigate those faults.

Developments during 2015/16

On 15 July 2015 the ICT Service Manager advised that, following discussions with the supplier of the devices, three upgraded versions of the device had been made available for Members to pilot. An evaluation of the project to assess the outcomes, lessons learnt and to enable IT officers to consider any feedback was undertaken.

The Committee received a report in September 2015 on Members ICT Project Feedback, evaluating the implementation of the Member IT Project. The Committee was advised that the administrative savings on printing and postage had exceeded the target at £28k for 2014/15. However, Members had previously requested that a full analysis of the costs of IT support for the project be evaluated as part of the review. The ICT Service Manager undertook a review of the service calls made in relation to the project, as compared to service calls made under the previous arrangements. The additional ICT support costs were estimated at circa £6,500. The additional costs of training, Democratic Services staff support; smartphone call

charges and keyboards had not been quantified and were not part of the project business case.

The results of the IT Member Questionnaire Survey were set out in the report. A total of 49 responses (65.33%) were received.

Members of the Committee commented on the survey and provided anecdotal examples of some of the technical problems which they had experienced. The ICT Service Manager recognised that there were issues with the performance of the devices. However, these issues had been addressed and the devices were fairly stable. Some difficulties still remained around resetting of passwords. Members were advised that the process for resetting passwords on the new devices would be simplified.

The ICT Service Manager advised that the supplier had agreed to accept the return of the original devices and their replacement by the upgraded device at nil extra cost. Pending the results of the pilot exercise, it was recommended that a phased transition to the new equipment be agreed. Officers advised that the software on the new devices would be the same as the software on the original devices.

The Committee discussed the pilot exercise for the new devices. Members considered that, pending the results of the pilot exercise

- all Councillors should be encouraged to upgrade their devices;
- the pilot of the upgraded tablet be approved and devices be provided to Councillors Dilwar Ali, Hinchey and Hyde to trial as soon as possible;
- officers draft a list of success criteria for evaluation of the upgraded tablet trial;
- the evaluation outcomes of the trial be reported for consideration to the Committee on 20 January 2016;
- pending the success of the trial, the Director of Governance and Legal Services be delegated authority to agree with the ICT Service Manager that discussions be finalised with the provider on the replacement of tablets with the upgraded versions, at no cost to the authority;
- a list of costs for ancillary equipment including an appropriate keyboard, for the tablets be provided to the Committee.

Outcomes

- the upgraded tablets were received in February 2016 and commissioned with the rollout commencing in March 2016 to be completed by end of June 2016.
- 39 upgraded tablets have been issued.

Members Online Library Service

Background

In March 2015 officers from the Scrutiny Services Team were invited to deliver a presentation providing an update to the Committee on the development of a Members Online Library and Information Service (MOLIS).

MOLIS is being developed to replace the existing Members Library in County Hall. Officers provided feedback from a survey of members, from interviews and from focus groups which was used to shape the content of the library and set priorities. The results of the survey were detailed in a presentation received by the Committee.

MOLIS would employ the Modern.gov platform to provide a document search facility and index file system which would allow Members to access both internal documents and external sources of information. A list of priority documents and external sources was to be provided along with an overview of the search facility and index file system.

As a result of the large volume of documents within the scope of the MOLIS project, it was necessary to prioritise corporate, governance, scrutiny, performance management and decisions. It would also be necessary to allocate resources to the administration and maintenance of MOLIS on an ongoing basis.

The Democratic Services team have supported the populating of the MOLIS to provide a library of information including documents and link to information on:

- Managements structure and key contacts;
- Member Development information;
- Link to periodicals etc.,

Outcomes:

- The library content continues to be reviewed to simplify access to information required by Councillors for research purposes.
- New items available on the Members page of the intranet include:
 - Updated senior management organisation chart
 - Materials from member workshops and briefings
 - Cabinet Member portfolio details

Draft Local Government Bill Consultation

Background

Members considered a report regarding the draft Welsh Government Local Government (Wales) Bill. Members were advised that the report would enable the Committee to consider the Welsh Government's proposals on those matters relevant to the Committee. This would allow the Committee to inform the Cabinet of their comments to be included in the corporate response to the Welsh Government's consultation.

Part 4 of the draft Bill proposes the imposition of statutory duties upon the Members relating to the performance of their functions. Members would be placed under a statutory obligation to:

- *attend all relevant meetings;*
- *hold a surgery at least four times in every 12 months;*
- *respond to all correspondence ...within 14 days of receipt;*
- complete all compulsory training courses;
- submit an *annual report about his or her activities as a member of the Council during the period of 12 months to which the report relates.*

The procedure for handling complaints about an alleged failure by a Councillor to abide by the duties imposed was also set out in Part 4 of the draft Bill. If the Council's Head of Democratic Services considers that a Member of the Council may have breached a specified duty to make a report then they may notify the monitoring officer who may investigate further. Power would be given to the Standards and Ethics Committee who would be able to impose sanctions on Members following a hearing, such as no action, suspension or censure.

The draft Bill also included a provision which removes the restriction on a Monitoring Officer also being designated as the Council's Head of Democratic Services. Additionally, the Bill makes provision for the post of Head of Democratic Services to be included within the definition of chief officer for the purposes of the pay accountability provisions.

Members were advised that this was part of wholesale reform by the Welsh Government which was underpinned by the proposed merger of Local Authorities.

Outcomes

Following discussions Members agreed that the Chair submit a response to the Cabinet to forward to the Welsh Government consultation on the bill. The response would take account of the Committees conclusions:

- Members were sceptical about whether the additional obligations in the Bill would ensure a better public service for the electorate. The obligations did not assess how well a Councillor performs in his/her Ward.
- Members considered that the Bill was unnecessary and unwieldy. It was more important to ensure that systems currently in place worked well. For example,

more credit should be given to Councillors who sat on many Council Committees and panels as a way of encouraging more to participate. The current system acclaimed those who had 100% attendance at Committee meetings - even if they only attended the minimum requirement of attendance at Full Council which was only 9 meetings a year. If a Councillor sat on many Committees, resulting in 40 meetings a year and missed one or two they seem to be held in lower esteem than those who had less to attend but have a 100% attendance rate. The committee felt this to be unfair. The way attendance data was interpreted should address this discrepancy and be fairer.

- The draft Local Government (Wales) Bill would make the operation of local government less democratic. Councillors often had to balance families, work commitments and their responsibilities to their residents. They knew best how to fulfil their role. If their role was overly legislated it could make it more difficult for people to come forward as Councillors.
- The ultimate determinant of a Councillor's performance was by local people through the democratic process and the ballot box at election time.
- Members disagreed with the Welsh Government making specific legal obligations on Councillors with regard to attendance at relevant meetings; surgery times, correspondence response times and the submission of Annual Reports. The specific challenges with meeting the obligations outlined above during member discussions should be explained in the consultation response.
- Members generally agreed with the obligation to complete all compulsory training courses. However this was with the proviso that the compulsory training courses were clarified and attendance at compulsory training courses would not prove too onerous.
- Requiring the Council's Standards and Ethics Committee, Monitoring Officer and Head of Democratic Services to undertake the additional requirements in the Bill to assess Councillor's performance would add major burdens on officers and extra costs at a time when Welsh local government resources are contracting.
- The Welsh Government needed to improve the way they consulted with local Councillors in Wales and provide better support. For example the Welsh Government should make clearer to Councillors their plans for future legislation and initiatives, alert Councillors more effectively to relevant consultations and provide direct and un-bureaucratic updates on Assembly and Welsh Government developments.

Following the 2016 Welsh Assembly elections and the appointment of a new Welsh Government Minister for Local Government the outcomes following the Bill consultation is still awaited.

Forward Work Programme

The Committee have agreed the following items for future consideration:

- Member Learning and Development Programme 2016/17
- Review of Member Development Strategy
- Members Support Services Review Update
- Update on the Member Online Library Service and independent information and research support.
- Member Induction 2017
- Members Handbook
- Review of Mentoring Scheme
- Revised Care Allowance Scheme
- Personal Development Framework
- Work-life balance further research

**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL:

29 September 2016

**REPORT OF DIRECTOR GOVERNANCE & LEGAL SERVICES &
MONITORING OFFICER**

**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 Panel to oversee this process was constituted at the Annual Council in May 2015 and held its first termly meeting in September 2015.

Issues

4. The Local Authority Governors Panel met on 14 September 2016 to consider new applications to current and future vacancies up to 31 January 2017. The recommendations of the Panel are contained in Appendix 1 to this report.

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 of 14 September 2016 and approve the appointments of Local Authority Governors to the School Governing Bodies as set out in Appendix 1.

DAVINA FIORE

Director Governance & Legal Services and Monitoring Officer

22 September 2016

The following Appendix is attached:

Appendix 1 List of Local Authority School Governor vacancies and recommendations for appointment by the Local Authority Governor Panel for the period 1 October 2016 to 31 January 2017

The following Background Documents have been taken into account: N/A

**LA Governor Vacancies - Recommendations from LA Governor Panel
1 October 2016 – 31 January 2017**

Appendix 1

- 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
Bryn Hafod Primary School 2 x vacancies	Llanrumney	19/05/2016 19/05/2016		Tony Powell	
Cardiff High School 2 x vacancies	Cyncoed	19/07/2016 20/07/2016	Cllr Margaret Jones	Liane Wigley	
Ely and Caerau Children's Centre 2 x vacancies	Ely	23/06/2015 14/07/2016		Denise Kelland	
Gabalfa Primary School	Llandaff North	22/04/2016		Hannah Buckingham	
Glan Yr Afon Primary School	Llanrumney	13/10/2015			
Glyncoed Primary School	Pentwyn	24/09/2015		David Hughes	
Grangetown Primary School	Grangetown	22/06/2016		Miguela Gonzalez	
Gwaelod Y Garth Primary School	Pentyrch	14/03/2016		Lauren Stork	
Hawthorn Primary School	Llandaff North	10/05/2016			
Howardian Primary School	Penylan	13/01/2016		Louise Gardner	
Kitchener Primary School	Riverside	02/07/2016		Cllr Caro Wilde	
Llanedeyrn Primary School	Pentwyn	02/07/2016		Alex Ingram	
Marlborough Primary School	Penylan	10/05/2016			
Meadowbank Special School	Llandaff North	28/01/2006		Mike Borley	
Meadowlane Primary School	Trowbridge	07/06/2016		Katherine Whittington	
Millbank Primary School	Caerau	20/07/2016	Cllr Peter Bradbury		

School	Ward	Start of Vacancy	Re-appointment requested	Applications received	Approved Yes/No
Oakfield Primary School	Trowbridge	04/03/2015			
Pencaerau Primary School	Caerau	24/09/2014			
Pentrebane Primary School	Fairwater	27/06/2016			
Peter Lea Primary School	Fairwater	27/06/2016			
Riverbank Special School 2 x vacancies	Caerau	13/06/2016 29/06/2016			
St John Lloyd RC Primary School	Trowbridge	30/01/2013			
St Teilo's CIW Primary School	Pentwyn	10/05/2016		Jenny Rathbone	
Thornhill Primary School	Llanishen	22/06/2015			
Trowbridge Primary School	Trowbridge	11/02/2016			
Windsor Clive Primary School	Ely	23/03/2016			
Whitchurch High (Foundation) School	Whitchurch	11/09/2016			
Ysgol Glan Morfa	Splott	29/01/2014			
Ysgol Gyfun Gymraeg Bro Eder	Penylan	27/01/2016			
Ysgol Gymraeg Coed-Y-Gof	Fairwater	22/10/2015			
Ysgol Gymraeg Melin Gruffydd X 2 vacancies	Whitchurch	17/07/2015 21/11/2015		Christian Webb	
Ysgol Mynydd Bychan	Gabalfa	16/12/2015			
Ysgol Pen Y Pil	Trowbridge	11/09/2013			
Ysgol Pencae	Llandaff	21/10/2015		Eryl Siriol Burford	
Ysgol Pwll Coch	Canton	27/01/2016		Rebecca Avci	
Ysgol y Berllan Deg	Pentwyn	29/02/2016			

Future LA Governor Vacancies – 25 September 2016 – 31 January 2017

School	Ward	Start of Vacancy	Re-appointment Requested	Applications Received	Approved
Birchgrove Primary School	Heath	01/02/17	Dan Walsh		
Bryn Celyn Primary School 2 x vacancies	Pentwyn	13/12/16 13/12/16		Mark Perrins	
Cathays High School	Gabalfa	25/09/16	Cllr Elizabeth Clark		
Coed Glas Primary School X 3 vacancies	Llanishen	19/10/16 19/10/16 26/10/16	Michael Bryan Charles Taylor Cllr Garry Hunt		
Coryton Primary School	Whitchurch	01/02/17	Cllr David Groves		
Fitzalan High School	Canton	19/12/17			
Grangetown Nursery School	Grangetown	26/10/16			
Greenhill School X 2 vacancies	Rhiwbina	28/09/16 28/09/16	Anne Ambler Stephen Durrani		
Hawthorn Primary School	Llandaff North	28/09/16	Cllr Dilwar Ali		
Herbert Thompson Primary School	Ely	20/01/17			
Llanishen Fach Primary School	Rhiwbina	14/12/16	Paul Jeffries		
Mary Immaculate Catholic High School	Caerau	14/12/16	John Union		
Moorland Primary School	Splott	26/09/16			
Ninian Park Primary School	Grangetown	14/12/16	Cllr Lynda Thorne		
Oakfield Primary School	Trowbridge	13/12/16	Sian Burgess-Hunt		
Rhiwbina Primary School	Rhiwbina	25/10/16			
St Fagan's Church in Wales Primary School	Ely	21/11/16	Julie Thomas		
St Patrick's RC Primary School	Grangetown	01/02/17			
The Hollies School (Pentwyn)	Pentwyn	26/09/16			
Thornhill Primary School	Llanishen	01/02/17			
Ton Yr Ywen Primary School	Heath	19/12/16	Cllr Lyn Hudson		
Ysgol Gyfun Gymraeg Bro Edern	Penylan	28/09/16			
Ysgol Gyfun Gymraeg Glantaf	Llandaff North	26/10/16			
Ysgol Gyfun Gymraeg Plasmawr	Fairwater	26/09/16			

School	Ward	Start of Vacancy	Re-appointment Requested	Applications Received	Approved
Ysgol Gynradd Gymraeg Hamadryad X 3 vacancies	Butetown	1/10/16 1/10/16 1/10/16		Cllr Ali Ahmed Dafydd Trystan Davies Mair Parry Jones	
Ysgol Gymraeg Bro Eirwg	Llanrumney	01/02/17			
Ysgol Gymraeg Treganna	Canton	01/02/17			
Ysgol Pen Y Pil	Trowbridge	01/02/17	Mr Keri Mock		
Ysgol Pen y Groes X 2 vacancies	Pentwyn	28/09/16 28/09/16			
Ysgol y Berllan Deg	Pentwyn	21/09/16	Rodney Berman		

REPORT OF DIRECTOR GOVERNANCE AND LEGAL SERVICES

COMMITTEE MEMBERSHIP

Reason for this Report.

1. To inform Council of a change in the political composition of the Council; and
2. To make appointments to fill current vacancies on Committees in accordance with the approved allocation of seats to party groups and the respective party group wishes.

Background

3. The Council at its Annual Meeting on 28 May 2016 established its committees and allocated seats to party groups in accordance with the relevant provisions of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 as amended.
4. 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.
5. Appointments to Committees have been made in accordance with the agreed allocations and the wishes of the political groups.

Issues

6. Notification was received on 15 July 2016 from Councillor Marshall (Independent) that she had joined the Plaid Cymru Group on the Council.
7. At the By-Election on the 20 September 2016 Councillor Robin Rea (Liberal Democrat) was elected to the Ward of Plasnewydd.

8. Under the relevant legal provisions (referred to under paragraph 3), neither of these changes effect the current allocation of seats on Committees approved at Annual Council 28 May 2016.
9. The following Committees currently have vacancies.

<u>Committee</u>	<u>No of Vacancies</u>
Planning Committee	3 vacancies
Licensing Committee	2 vacancies
Public Protection Committee	2 vacancies
Audit Committee	1 vacancy
Corporate Parenting Advisory Committee	2 vacancies
Council Appeals Committee	1 vacancy
Democratic Services Committee	1 vacancy
Employment Conditions Committee	1 Vacancy
Community & Adult Scrutiny Committee	1 vacancy
Economy Scrutiny Committee	2 vacancies
Environment Scrutiny Committee	1 vacancy
Policy Review & Performance Scrutiny	1 vacancy
Bilingual Cardiff Working Group	1 vacancy
Health & Safety Advisory Group	1 vacancy
Works Council * to be filled by a Member of the Employment Conditions Committee	1 vacancy
Glamorgan Archives Joint Committee	2 vacancies

10. The vacancies have been discussed with all Party Group Whips at their regular monthly meetings. Nominations will be reported to Council on the amendment sheet, to allow Council to make appointments to fill the vacancies in accordance with the wishes of the relevant political groups.

Legal Implications

11. The legal implications are set out in the body of this report.

Financial Implications

12. 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

The Council

- (1) notes the change in the political composition of the Council as set out in the report; and
- (2) makes appointments to fill the vacancies on Committees in accordance with the approved allocations and the nominations of the party groups, as set out on the Amendment Sheet.

DAVINA FIORE

Director Governance and Legal Services and Monitoring Officer

21 September 2016

Background Papers

Letter 15 July 2016 to Proper Officer from Councillor Marshall

Notice of Membership of Group signed by the Leader Plaid Cymru Group 9 August 2016

Declaration of Election to the Plasnewydd Ward 20 September 2016

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**CITY AND COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**



COUNCIL:

29 SEPTEMBER 2016

REPORT OF DIRECTOR GOVERNANCE & LEGAL SERVICES

APPOINTMENT OF MEMBERS TO OUTSIDE BODIES

Reasons for the Report

1. To agree the appointment of Council representatives to Outside Bodies under the Local Choice functions.

Background

2. The Constitution provides that the Council will, from time to time, receive nominations and make Member appointments as necessary to serve as representatives of the Council on outside bodies.

Issues

3. The Council is asked to consider nominations to serve on Outside Bodies relating to vacancies and changes as set out in Appendix A of the report and listed on the amendment sheet.

Legal Implications

4. The appointment of individuals to serve on outside bodies is a Local Choice function under the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007. The Council has determined that responsibility for this function shall rest with Full Council unless delegated by the Council.

Financial Implications

5. There are no financial implications arising as a direct consequence of this report.

RECOMMENDATION

Council is recommended to receive and approve nominations for, and make appointments to those outside bodies as listed in Appendix A and any nominations included on the Council Amendment Sheet on 25 June 2015. .

DAVINA FIORE

Director of Governance & Legal Services

22 September 2016

APPOINTMENTS TO VACANCIES COUNCIL REPRESENTATION ON OUTSIDE BODIES SEPTEMBER 2016

APPENDIX A

NAME OF ORGANISATION	COUNCIL REPRESENTATION	MAIN AIMS & FUNCTIONS OF ORGANISATIONS	NOMINATIONS RECEIVED
Cambrian Educational Foundation for Deaf Children	1 – Member	To offer financial assistance to young people between the ages of pre-school & 25 yrs, who have hearing impairment and either reside in Wales or have a parent who resides in Wales. Assistance is given for their education and social development.	1 vacancy
Cardiff & District Pre-Retirements Association	1 – Member	Offers unbiased advice on a range of specific issues relevant to anyone approaching retirement.	1 vacancy
Cardiff & Vale of Glamorgan Community Health Council Page 493	3 – Members	<p>The CHC represents the interests of the patients and public of Cardiff & the Vale of Glamorgan in relation to local health services. The 4 statutory duties/functions of the CHC are to:</p> <ol style="list-style-type: none"> 1 Scrutinise the operation of health services in Cardiff & Vale of Glamorgan, to make recommendations for the improvement of that service, and to advise the UHB upon such matters relating to the operation of the health service. 2 To be consulted by the UHB in respect of health services for which it is responsible. 3 To enter and inspect NHS premises. 4 To provide an independent advocacy service on behalf of the Welsh Ministers for those aged 18 and over. 	<i>Councillor Hudson</i> Two vacancies
Cardiff & Vale University Health Board – Stakeholder Reference Group	1 – Member	The SRG has early engagement and involvement in the determination of the UHB overall strategic direction; provision of advice on specific service proposals prior to formal consultation as well as feedback on the impact of the UHB operations on the communities it services.	<i>Councillor Sanders (Independent)</i> 1 vacancy
Cardiff Bus	7 – Members (If proportional + 5 Labour; 1 Lib Dem & 1 Conservative)	Cardiff City Transport Services Ltd (otherwise known as Cardiff Bus) is a private limited company which is wholly owned by Cardiff Council. It was constituted as a Public Transport company within the mean of Section 72 of the	<i>Councillors Goddard, Simmons, Benjamin Thomas, White,</i> 1 vacancy (Labour) <i>Councillor Hudson (Conservative)</i>

APPOINTMENTS TO VACANCIES COUNCIL REPRESENTATION ON OUTSIDE BODIES SEPTEMBER 2016

APPENDIX A

NAME OF ORGANISATION	COUNCIL REPRESENTATION	MAIN AIMS & FUNCTIONS OF ORGANISATIONS	NOMINATIONS RECEIVED
		Transport Act 1985 and the main purpose of the company is the provision of road passenger transport services.	<i>Councillor Aubrey,</i>
Cymric Building Preservation Trust	2 – Members (Chair & Deputy Chair Planning Committee)	To preserve building & structures of particular beauty or historic architectural structure.	<i>Councillor Michael (Chair of Planning Committee)</i> Councillor Manzoor Ahmed
Ffotogallery	2 – Members	To widen its range of influence through touring exhibitions, collaborations with other organisations & galleries, through publications and expanding education programme including courses in techniques & appreciation & work with schools & community groups.	2 vacancies
Flat Holm Consultative Group	2 – Members (Chair & Deputy Chair Planning Committee)	To oversee the management and conservation of Flat Holm Island.	<i>Councillor Michael (Chair of Planning Committee)</i> Councillor Manzoor Ahmed
South Wales Fire & Rescue Authority	5 - Members	The Fire & Rescue Authority consists of 24 councillors from the 10 local authorities which originally combined to form the Authority. The composition of the Authority is determined by the size of the electoral representation within each local authority and the political proportionality across the combined area.	Councillors Dilwar Ali, Phillips, 1 vacancy (Labour) Councillor McKerlich (Cons) Councillor Hyde (Lib Dem)
Local Government Association – Community Wellbeing Board 2016/17	1 - Member	<i>Adam to provide</i>	Councillor Bale

NAME OF ORGANISATION	COUNCIL REPRESENTATION	MAIN AIMS & FUNCTIONS OF ORGANISATIONS	NOMINATIONS RECEIVED
Standing Advisory Council for Religious Education (SACRE)	8 – Members (relevant Cabinet Member)	SACRE is a statutory body which meets once a school term to advise the Council on matters concerned with collective worship and the provision of religious education	<i>Councillor Merry (Cabinet Member)</i> <i>Councillor Ali Ahmed</i> <i>Councillor McGarry</i> <i>Councillor Parry</i> <i>Councillor Elsmore</i> <i>Councillor Gordon</i> 2 vacancies

** *Those Members in italics have been appointed previously*

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REPORT OF DIRECTOR GOVERNANCE AND LEGAL SERVICES

CORPORATE PARENTING ADVISORY COMMITTEE TERMS OF REFERENCE

Reason for this Report.

1. To correct an administrative error made in the adoption of the Terms of Reference of the Corporate Parenting Advisory Committee at Annual Council on 26 May 2016.

Background

2. The Council at its meeting on 24 July 2014 established the Corporate Parenting Advisory Committee and approved the Terms of Reference in accordance with the recommendation received from the Constitution Committee 11 June 2014.

Issues

3. The Terms of Reference approved by Annual Council 26 May 2016 in its report Item 12, Establishment of Committees, their Size and Terms of Reference reflected those of the previous Corporate Parenting Panel.
4. The a Terms of Reference approved by Council 24 July 2014 and has informed the work of the Committee are as follows:

Corporate Parenting Advisory Committee

Terms of Reference:

- a) To actively promote real and sustained improvements in the life chances of Looked After Children, Children in Need, Care Leavers and children and young people in the criminal justice system and to work within an annual programme to that end;
- b) To develop, monitor and review a corporate parenting strategy, and ensure its effective implementation through work plans and corporate parenting training programmes;
- c) To seek to ensure that the life chances of Looked After Children, Children in Need and care leavers are maximised in terms of

health, educational attainment, and access to training and employment, to aid the transition to a secure and productive adulthood;

- d) To recommend ways in which more integrated services can be developed across all Council directorates, schools and other stakeholders to lead towards better outcomes for Looked After Children, Children in Need and care leavers;
- e) To ensure that mechanisms are in place to enable Looked After Children, Children in Need and care leavers, to play an integral role in service planning and design, and that their views are regularly sought and acted upon;
- f) To ensure performance monitoring systems are in place, and regularly review performance data to ensure sustained performance improvements in outcomes for Looked After Children, Children in Need and care leavers;
- g) To receive all relevant Children's Services inspection and annual reports, including: Children's Homes Quality of Care Report; Case Practice Reviews, Fostering Annual Quality of Care Report; Adoption Fostering Annual Quality of Care Report; 4C's Commissioning; Out of Area Annual Report; Annual Report of Brighter Futures (with education); Children's Complaints reports; and Advocacy Annual Report;
- h) To report to the Cabinet at least twice a year;
- i) To make recommendations to the Cabinet where responsibility for that function rests with the Cabinet;
- j) To report to the Children and Young People's Scrutiny Committee as necessary;
- k) To recommend the appointment of co-opted Committee Members for approval by Council;
- l) To develop and undertake a programme of consultation, listening and engagement events with Looked After Children and care leavers, as well as visits to services providing support and advice to Looked After Children, Children in Need and care leavers;
- m) To submit an Annual Report on the work of the Committee to Full Council.

Legal Implications

- 5. The establishment of an Advisory Committee, agreeing its terms of reference and membership, and making appointments to the Committee are all matters which must be approved by full Council.

Financial Implications

6. 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.

RECOMMENDATION

The Council approve the Terms of Reference for the Corporate Parenting Advisory Committee as a correction to an administrative error to those agreed in the report to Annual Council 26 May 2016.

DAVINA FIORE

Director Governance and Legal Services and Monitoring Officer
22 September 2016

Background Papers

Council 24 July 2014 – Establishment of a Corporate Parenting Advisory Committee Report

Council 26 May 2016 – Establishment of Committees, their size and Terms of Reference Report

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