



County Hall  
Cardiff  
CF10 4UW  
Tel: (029) 2087 2000

Neuadd y Sir  
Caerdydd  
CF10 4UW  
Ffôn: (029) 2087 2000

## AGENDA

**Committee**                      AUDIT COMMITTEE

**Date and Time of Meeting**                      TUESDAY, 28 NOVEMBER 2017, 2.00 PM

**Venue**                                      COMMITTEE ROOM 4 - COUNTY HALL

**Membership**                      Ian Arundale (Chair)  
D. Hugh Thomas, David Price, Gavin McArthur

Councillors Bale, Cowan, Cunnah, Howells, Lay, McGarry, Dianne Rees and Singh

*Time  
approx.*

**1                      Apologies for Absence**

To receive apologies for absence.

**2                      Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

**3                      Minutes** *(Pages 1 - 8)*

To approve as a correct record the minutes of the previous meeting.

**4                      Operational Matters** *(Pages 9 - 12)*

2.05 pm

4.1    Andrew Gregory, Director City Operations - Update on Internal Control Environment

**5                      Finance** *(Pages 13 - 48)*

5.1    Financial Update (2018/19 Budget and Month 6 2017/18 Budget Monitoring)

5.2    Financial Resilience Snapshot

**6                      Governance and Risk Management** *(Pages 49 - 72)*

2.45 pm

6.1 Corporate Risk Register (Mid-Year) [to include Corporate Risk Map]

**7 Wales Audit Office** *(Pages 73 - 74)*

7.1 WAO Activity / Report Progress Update

**8 WAO Tracker/Other Studies**

**9 Treasury Management** *(Pages 75 - 80)*

9.1 Performance Report

**10 Internal Audit** *(Pages 81 - 134)*

10.1 Report of Head of Finance – Internal Audit Team

10.2 Report of Head of Finance – Investigation Team

**11 Scrutiny Correspondence**

Any correspondence between the Chair of Audit Committee and Scrutiny Chairs.

**12 Outstanding Actions**

**13 Work Programme Update** *(Pages 135 - 138)*

3.40 pm

**14 Urgent Business**

**15 Date of next meeting : 30 January 2017**

**Davina Fiore**

**Director Governance & Legal Services**

Date: Wednesday, 22 November 2017

Contact: Graham Porter, 029 2087 3401, g.porter@cardiff.gov.uk

***This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg***

# AUDIT COMMITTEE

18 SEPTEMBER 2017

Present: County Councillor Ian Arundale(Chairperson)  
County Councillors Bale, Cowan, Cunnah, Howells, Lay,  
McGarry, Dianne Rees and Singh

## 22 : APOLOGIES FOR ABSENCE

Apologies were received from Gavin McArthur.

## 23 : DECLARATIONS OF INTEREST

The following declarations of interest were made in accordance with the Members' Code of Conduct:

Councillor Bale	Item 5.2	Leader of the Council 2014-17
Councillor Cowan	Item 4.1	School Governor
Councillor Cunnah	Item 4.1	School Governor
Councillor Howells	Item 4.1 and 10.1	School Governor
Councillor Lay	Item 5.2	Director Cardiff Bus
Councillor McGarry	Item 4.1	School Governor
Councillor Rees	Item 4.1	School Governor
Councillor Singh	Item 4.1	School Governor

## 24 : MINUTES

The minutes of the meeting held on 20 June 2017 were approved by the Committee as a correct record and were signed by the Chairperson.

## Operational Matters

## 25 : DIRECTOR OF EDUCATION AND LIFELONG LEARNING - ANNUAL REPORT ON SCHOOL GOVERNANCE AND POSITION OF AUDIT REPORTS IN SCHOOLS

*The following declarations of interest were declared in accordance with the Members Code of Conduct:*

<i>Councillor Cowan</i>	<i>School Governor</i>
<i>Councillor Cunnah</i>	<i>School Governor</i>
<i>Councillor Howells</i>	<i>School Governor</i>
<i>Councillor McGarry</i>	<i>School Governor</i>
<i>Councillor Rees</i>	<i>School Governor</i>
<i>Councillor Singh</i>	<i>School Governor</i>

At its meeting held on 20 June 2017 the Committee requested that it receives a report on school governance and updated figures and opinions related to the corporate risk in respect of schools balances on an annual basis. The Committee received the first such report.

Members were advised that there are 127 schools in Cardiff and the annual net delegated budget is £235.992 million. School Governing Bodies are delegated the responsibility for effective governance of these funds and are held accountable for their proper use. Welsh Government regulations oblige local authorities to publish a scheme for financing schools and those Regulations also list matters which are required to be included, including financial reporting requirements, audit, banking and procurement. Schools receive regular advice and guidance on financial issues through the Council's Local Financial Management Team and the Internal Audit Team.

Each local authority is also obliged to have a School Budget Forum, which is key to developing informed and confident dialogue between the LA and its schools on budgetary issues including school funding levels, financial pressures, changes to local funding formulae and the review of contracts/service level agreements between an LA and schools.

The report provided the Committee with a summary of the following issues:

- School audits
- School Control Risk Self-Assessment Tool
- School Balances
- Director's Opinion
- School Balances

The Director of Education addressed the Committee. Members were advised that the exam results in 2017 were positive and encouraging. A continuation of sustained improvement overall was achieved but there was still further work to do.

Members were asked to note that there was a growth in carry forward budgets overall from £2.5 million at 31 March 2016 to £4.2 million at 31 March 2017. Whilst some schools remain in deficit there has been a notable reduction in the number of schools in deficit. The School Control Risk Self-Assessment Tool was highlighted which has been in operation for two years. Members were advised that colleagues from Education and Audit continue to develop dialogue and regular meetings are leading to benefits in terms of targeting resources.

The Chairperson opened the debate on this item.

- A Member commented that, under previous arrangements, in the most serious cases, Head Teachers were asked to attend Audit Committee. The Director stated that finance and the management of budgets were important issues for school governing bodies and the burden of responsibility is on governors. Colleagues in the Audit Team have a set of governance issues that are provided to challenge advisors who, in turn, raise awareness of good school governance.
- In terms of limited assurance issues, the Director stated that he received each detailed Audit report and issues are escalated and followed up where necessary. Members considered that it would be useful to receive a breakdown of the number of schools where there has been an intervention. The Head of Finance agreed to provide a breakdown in next year's report.

- Members noted that 12 schools held balances in excess of £100,000 and asked what could be done to claw back those funds. The Director stated that the Welsh Government protocols on school balances do not take the size of the school into account. School Budget Forum reports show surplus balances as a percentage of the overall budget. It was important to note that surplus funds are often set aside for planned expenditure in future years. Where there are surpluses, Chairs of Governing Bodies are written to and they are asked to explain to provide a plan on how the funds will be spent. No funds have been clawed back yet, but the authority has the power to do so.
- Officers confirmed that legislation requires the authority to establish a School Budget Forum. The Forum is not a decision making body and the composition of the Forum is set out by the Regulations. Cardiff's School Budget Forum is compliant with the regulations. As a consultative body, those members attending provide important feedback to Head Teachers. The list of members and papers are made available on the Council's Intranet website and the Forum is pushing for greater transparency, as it was important that staff understand that they have a voice and their concerns are fed in.

RESOLVED – That the information and opinion contained in the report be noted.

Finance

26 : FINANCIAL UPDATE

The Committee received a report on the latest position in relation to budget monitoring in the current financial year and providing an update on the preparatory work for the 2018/19 budget and the medium term. The Committee also received the Cabinet Month 4 Budget Monitoring Report.

The Corporate Director Resources advised that, in terms of revenue, an overspend of £883,000 was projected which reflected financial pressures and shortfalls against budget savings together with a projected overspend in relation to capital financing costs. Directorate budgets are currently projected to be overspent by £5.4 million, however it is anticipated that management actions will enable this to be reduced by the year end. Full details of the projected outturn position for 2017/18 were provided in the Cabinet report.

Responding to questions from the Committee, the Director stated that the 2018/19 budget strategy was assuming a 1% pay-rise for staff. Members asked whether the £4 million resilience mechanism was established as a principle in shaping the budget. The Corporate Director advised that the mechanism has been in place for 2 years.

Members questioned why it has not been possible to predict the size of overspends within Social Services. The Corporate Director stated that there were a number of reasons for the overspends in recent years, including balancing the needs of adult service users and a spike in the numbers of children requiring support.

RESOLVED – that the Committee notes the latest position in respect of the Council's budget monitoring for the current year and the working being undertaken in respect of the budget preparation for 2018/19 and the medium term.

27 : FINAL STATEMENT OF ACCOUNTS 2016-17 (INCLUDING AGS)

*The following declarations of interest were declared in accordance with the Members Code of Conduct:*

*Councillor Lay                      Director of Cardiff Bus*

The Committee received a report providing an update following the audit of the draft accounts by Wales Audit Office, prior to submission to Council. The Corporate Director Resources stated that the accounts were positively received and there were no misstatements. Members were asked to note paragraph 8 of the report highlighting a number of qualitative findings.

Anne-Marie Harkin of Wales Audit Office (WAO) addressed the Committee. Members were advised that WAO are planning to issue an unqualified report including no corrected misstatements and no other significant issues of concern.

Members sought clarification on the threshold for misstatements and whether WAO were confident in the process for correcting misstatements. Anne-Marie Harkin stated that WAO are required to report trivial misstatements that are not corrected and there are proper processes in place.

A Member indicated that some authorities have included a social matrix within their Statement of Accounts and asked whether Cardiff has an opportunity to capture efforts made to address those issues within the document. The Corporate Director stated that the matter is still on the agenda for future consideration. However, officers have continued to concentrate on 'de-cluttering' the document.

A Member asked officers to comment on the valuation of Cardiff Bus reducing by £3 million on last year. Officers advised that the valuation of Cardiff Bus fluctuates and quarterly reports are produced. Cardiff Bus have their own governance and auditing arrangements. The Member stated that the valuation of Cardiff Bus, and in particular a reduction in its value, will impact on the authority. The Member requested that these comments be noted.

RESOLVED – That the Draft Statement of Accounts for 2016/17 be noted.

Governance and Risk Management

28 : CORPORATE RISK REGISTER - QUARTER 1 UPDATE

The Committee received an update on the risk management position following the Risk Management Review – Quarter 1 2017/18. Each Director has worked with their Risk Champions in undertaking the Quarter 1 review. The Risk Management Team and Senior Management also provided advice and guidance on the measurement and reporting of risks.

The report provided Members of the Committee with a summary of Quarter 1 position for Directorate Risks and Corporate Risks. Members were advised that 369 directorate risks were reported on Directorate Risk Registers (DRR) and 13 newly escalated risks were discussed in Senior Management Team (SMT). A review of the previously escalated risks determined that 4 risks no longer required reporting to them.

SMT agreed that each escalated risk will continue to be managed at directorate level. There were 25 Corporate Risks in place prior to the Quarter 1 Risk Management Review. The review resulted in a stable position with no changes made to the risk ratings and no risk additions or removals made to the CRR.

A Member noted that there were 8 risks where residual risk is the same as inherent risk and this could be translated as nothing can be done to reduced risk. Following a brief discussion, it was agreed that a follow up meeting be arranged between the Officer and Member. It was agreed to report findings back to a future meeting of the Committee.

Officers were asked to identify whether or not the review of Health & Safety in respect of buildings has been completed and requested that it be reported to a future meeting of the Audit Committee for information.

RESOLVED – That the Committee notes the report.

## 29 : PROGRESS REPORT ON THE IMPLEMENTATION OF THE STATEMENT OF ACTIONS

In March 2016, the Cabinet agreed a Statement of Action in response to the Wales Audit Office's 2016 Corporate Assessment Follow On Report. The Committee received a progress report detailing the work undertaken in response to WAO's findings to date. Members were advised that the Statement of Action has now been completed and any outstanding work has been incorporated into the Council's business as usual activity. This approach has been agreed by WAO.

The Statement of Action and the Progress Report were appended to the report at Appendix A and Appendix B respectively. The Chairperson welcomed Joe Reay, Head of Performance and Partnerships and Sarah-Jane Byrne of the Wales Audit Office, to the meeting. Sarah-Jane Byrne stated that the authority was going in the right direction and that the Statement of Action was positively received.

The Head of Finance indicated that whilst all substantive issues have been addressed, a number of minor issues remain and that the Authority would continue to monitor the Statement of Actions through standard mechanisms.

RESOLVED – That the Council's progress against the Statement of Actions be noted.

## 30 : WALES AUDIT OFFICE

*The following declarations of interest were declared in accordance with the Members Code of Conduct:*

*Councillor Bale      Leader of the Council 2014-17*

Wales Audit Office reporting was considered under Item 5.2 on the agenda.

## 31 : CHARGING FOR SERVICES AND GENERATING INCOME BY LOCAL AUTHORITIES

The Committee received a report on the Wales Audit Office national study of Charging for Services and Generating Income by Local Authorities.

Members were advised that the Auditor General had undertaken national studies across a range of functions and activities of local government. A report entitled 'Charging for Services and Generating Income by Local Authorities' was published in November 2016. The study examined several aspects of discretionary charging for services, such as:

- How Local Authorities use their powers to introduce and increase charges on services
- How performance on generating income has changed in recent years
- The process of consulting with users on price changes
- Impact assessments of charging decisions on users

All 22 Welsh Local Authorities took part in an online survey and six authorities participated in a more thorough review of their approach to charging for services.

WAO's comments, recommendations, and Cardiff response to the findings were set out in the report.

Referring to the 4-year summary of comparative income generation data included as Appendix B to the report, Members considered that it would have been more useful to receive the total actual amount of income generated as well as the figure expressed as a percentage of expenditure. Members requested that in future years the report include the total figure of income generated. Officers agreed to provide this information.

Officers confirmed that the reduction in income in Waste Service was the result of price falls in the value of recyclable materials.

A Member questioned whether the authority was becoming over-reliant on income generation, particularly in terms of income penalty charge notices from parking, as the use of penalty notices aimed to change behaviour and encourage a shift to sustainable transport. The Member considered that it was right to look at income generation but the impact of charges/fees on the most vulnerable needed to be managed.

The Committee considered the authority's use and cost effectiveness of bailiffs. Officers acknowledged that they were aware of the risk of using companies that would exhibit undesirable practices. It was confirmed that bailiffs used by the authority are monitored and undesirable practices were not tolerated. It was stated that whilst there was a requirement to collect Council Tax, there was a need to be proportionate and robust in collecting those debts. Debtors were encouraged to put payment plans in place to avoid the use of bailiffs.

RESOLVED – That the work of the Auditor General in respect of the reports be noted.

Treasury Management  
32 : PERFORMANCE REPORT



*This report contained exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972.*

The Committee received a report setting out the Treasury Management performance and a position statement at 31 August 2017.

RESOLVED – That the report be noted.

### 33 : ANNUAL REPORT

*This report contained exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972. It was agreed that the public be excluded for the duration of the discussion of this item of business on the grounds that if members of public were present during the discussions, due to the nature of the business to be transacted there would be disclosure to them of exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act, 1972.*

The Committee received the Treasury Management Annual Report 2016/17.

RESOLVED – That the report be noted.

Internal Audit

### 34 : EXCLUSION OF THE PUBLIC

RESOLVED – That the public be excluded during discussion of the following item of business on the grounds that if members of the public were present during the discussions, due to the nature of the business to be discussed there would be disclosure to them of exempt information as defined in the Local Government Act 1972.

### 35 : REPORT OF THE HEAD OF FINANCE - INTERNAL AUDIT TEAM

*The following declarations of interest were declared in accordance with the Members Code of Conduct:*

*Councillor Howells*

*School Governor*

The Committee considered the Internal Audit Progress report which provided an update on the work of Internal Audit as at August 2017 for the current financial year. Members were asked to note the contents of the report and the proposed changes to the 2017/18 audit plan.

Responding to a question from a Member, the Head of Finance advised Members that the audit recommendations set out in Appendix C will form part of the regular audit progress update reports.

RESOLVED – That the report and the changes to the audit plan 2017/18 be noted.

36 : REPORT OF THE HEAD OF FINANCE - INVESTIGATION TEAM

The Committee received a report on providing an update on the work of the Internal Audit Section's Investigation Team as at August 2017. Members noted the contents of the progress report at Annex 1. Members also received a presentation on the work of the Investigations Team.

Members of the Committee asked officers to explain why there has been a reduction in the number of investigations and referrals. Officers stated that the Investigations Team investigated anomalies, with the resources available with cases prioritised to secure the best potential outcomes. Members asked how many cases resulted in criminal prosecutions and were advised that the majority of cases were erroneous and not fraudulent.

A Member asked what Cardiff is doing in terms of communicating with and educating the public with regard to matters relating to fraud. Members were advised that communications have been used to raise awareness.

RESOLVED – That the report be noted.

37 : SCRUTINY CORRESPONDENCE - SAFEGUARDING ARRANGEMENTS

RESOLVED – That Head of Finance contact colleagues in Scrutiny Services in respect of outstanding correspondence from the Chairperson of Children and Young People Scrutiny Committee.

38 : OUTSTANDING ACTIONS

RESOLVED – That the outstanding actions be noted.

39 : WORK PROGRAMME UPDATE

RESOLVED – That the work programme update be noted.

40 : URGENT BUSINESS

No urgent items were reported.

41 : DATE OF NEXT MEETING

The next meeting of the Committee is scheduled to take place on 28 November 2017.

The meeting terminated at 4.30 pm

***This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg***

## **AUDIT COMMITTEE: 28 NOVEMBER 2017**

### **UPDATE ON INTERNAL CONTROL ENVIRONMENT - CITY OPERATIONS REPORT OF HEAD OF FINANCE**

**AGENDA ITEM: 4.1**

#### **Reason for this Report**

1. At its meeting in September 2017, the Audit Committee requested that it receive an update on governance and control in City Operations; this update was also to provide assurance on the implementation of the recommendations made by Internal Audit in the report on Highways Street Operations in 2014.

#### **Background**

2. The oral presentation to the Committee by the Director of City Operations will set out key information regarding the directorate and the challenges and key priorities it faces. The Directorate has three risks on the Council's Corporate Risk Register and the presentation will outline the ways in which these (and the Directorate risks) are managed by officers within the Directorate.
3. The Audit Committee has also asked for an update on the management of the issues raised in a previous audit report on 'Highway Street Operations'. This audit was originally undertaken in 2014 and involved a review of processes and procedures around the teams of operatives responsible for reactive highways works. The main risks were concerned with the arrangements for monitoring of operatives, in order to provide assurance of hours worked, locations attended and appropriate use of vehicles, and the recommendations made are included at Appendix A to this report.
4. A number of subsequent audit reviews have identified improvements in control and the mitigation of risk.
5. There have been a number of changes in operational and administrative processes within the Council since the original audit which have supported the Directorate with the improvements in governance and control.

#### **Legal Implications**

6. There are no legal implications arising from this report.

## **Financial Implications**

7. There are no financial implications arising from this report.

## **Recommendations**

It is recommended that the information in this report and the presentation are noted.

**NAME: IAN ALLWOOD**

**DESIGNATION: HEAD OF FINANCE**

**DATE: 28 NOVEMBER 2017**

The following appendix is attached:

Appendix A – details of audit recommendations (Highways payroll audits)

**RECOMMENDATIONS MADE BY INTERNAL AUDIT IN RELATION TO HIGHWAYS PAYROLL**

SUMMARY RECOMMENDATION	UPDATED MANAGEMENT RESPONSE
A review of all acting up arrangements should be undertaken.	<p>A restructuring of the Operations Team has been concluded which removed the necessity of any long term acting up arrangements.</p> <p>There will always be a requirement for short term acting up arrangements to cover short periods of supervisor absence. In such instances Work Managers will complete and submit the relevant forms.</p>
All acting up arrangements and payments should be subject to ongoing monitoring by the Directorate and an 'Equality Impact Assessment'.	The requirement for acting up for any long term has ceased within the Operations Teams. EqIA's will be undertaken as per the Acting Up scheme as and when required.
Use of mobile technology (tablets) to record works orders.	AMX is being developed to facilitate the recording of works orders on hand held devices. A trial is currently underway and subject to outcome it is expected that mobile functionality will be rolled out into Highway operations during 2017. The expected benefits are the replacement of the existing paper based system, more efficient scheduling of work, improved route planning and more accurate information for performance management purposes.
Alternative jobs to be undertaken by operatives during periods of adverse weather.	<p>Work Managers and supervisors are responsible for ensuring alternative tasks are allocated to teams during adverse weather events.</p> <p>Agreement was reached that teams would undertake other duties such as, filling grit bins and cleaning road signs rather than be sent home due to adverse weather conditions.</p>
Overtime should not be paid for an entire shift, once work is complete or during adverse weather.	There are no set overtime shift durations e.g. '6 hours paid overtime', staff are paid for only for the hours worked.
For HGV drivers, a written record of driver activity should be maintained either using a log book or tachograph, to be certified by supervisors	HGV drivers are now, wherever possible, using tachographs. Exceptions are in the occasional 'old' vehicle or when using a hire vehicle, in which case a drivers log is completed and signed off by a supervisor.
Supervisors should check timesheets and the Quartix daily vehicle logs to ensure appropriate use of vehicles	Information from Quartix is used in accordance with policy and is subject to an ongoing process.
Concern of the monitoring of Operative performance	AMX is being developed to facilitate the recording of works orders on hand held devices which will enable a more detailed analysis of performance – working times, volumes etc. A trial is currently underway and subject to outcome it is expected that mobile functionality will be rolled out into Highway operations during 2017. The replacement of the existing paper based system will enable a more efficient scheduling of work, improved route planning and more accurate information for performance management purposes.

This page is intentionally left blank

**CITY OF CARDIFF COUNCIL  
CYNGOR DINAS CAERDYDD**

**AUDIT COMMITTEE: 28 November 2017**

---

**FINANCIAL UPDATE 2017/18**

**REPORT OF THE CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 5.1**

---

**Reason for this Report**

1. To provide the Audit Committee with an update on the Council's financial position.

**Background**

2. To assist the committee in understanding the current financial context within which the Council is operating, this report sets out an overview of the current monitoring position for 2017/18 and gives an update on the preparatory work for 2018/19 and the medium term.

**Issues**

**Financial Monitoring**

3. Overall, the month six revenue monitoring for the Council shows a balanced position against budget, an improvement of £883,000 compared to the position reported at month four. The improvement reflects management actions introduced to control expenditure in the current year together with in-year targeted savings identified by directorates. There was also a further increase in NDR refunds on Council properties.
4. The overall position continues to reflect a range of demographic, service and other financial pressures including shortfalls against budget savings targets in directorate budgets and a projected overspend in relation to capital financing costs. These are offset by projected savings in directorate budgets as a result of management actions, a saving on Insurance budgets, the release of contingency budgets, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £4.956 million with projected overspends in the Social Services, Economic Development and Education & Lifelong Learning Directorates. These are partly offset by projected underspends in other directorates and by the £3.0 million general contingency budget which was provided as part of the 2017/18 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2017/18. It should be noted that the 2017/18 Budget reduced the previous general contingency budget by £1 million.

5. The projected overspends in directorate budgets include £3.198 million in Social Services, £1.347 million in Economic Development and £1.158 million in Education & Lifelong Learning. This reflects a range of factors including increased demographic pressures in Social Services and Education & Lifelong Learning, particularly in relation to looked after children and children with additional learning needs. There are also significant demographic and cost pressures in Waste Services. The projected overspends also include shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2017/18 Budget together with on-going shortfalls carried forward from the previous financial year.
6. An overall shortfall of £1.954 million is currently anticipated against the £14.157 million directorate savings target with £6.137 million having been achieved to date and a further £6.066 million anticipated to be achieved by the year end. The budget approved by Council on the 23 February 2017 identified red or red / amber achievability risks totalling £6.627 million with £845,000 of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month six monitoring. A projected shortfall of £1.782 million has also been identified in relation to savings targets carried forward from 2016/17. Overall, this represents an increase of £267,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month four. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The £3.0 million General contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2017/18 is also available to offset the shortfall in the current financial year. Although the projected shortfalls are lower than in recent years, this continues to be a cause for concern given the financial outlook in the medium term and the difficult choices facing the Council in the current budget round.
7. Actions are being taken by those directorates currently reporting a projected overspend to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. These will be considered as part of the challenge process to review the performance of directorates including the budget monitoring position. These reviews will continue throughout the year and the actions taken will also be discussed in the Chief Executive's monthly meetings with individual directors. In response to the level of financial pressures identified in the current year all directorates have also reviewed their monitoring positions and identified a range of in-year savings which are reflected in their reported positions. The scope of the review included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. This has enabled a balanced position to be reported at month six.
8. The 2017/18 Capital Programme is £154.941 million of which £122.354 million is in respect of General Fund schemes and £32.587 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2017/18 is £140.731 million resulting in a total variance of £14.210 million. The most significant variance is in relation to the 21<sup>st</sup> Century Schools Programme (Band A) within the Schools Organisation Plan with slippage also identified against a range of other schemes including £2.3 million against Public Housing schemes. Directorates have been reminded of the need to avoid slippage



wherever possible by ensuring that their project plans and profiles of activity are robust.

9. Cabinet approved the Month Six Monitoring Report at their meeting on 16 November 2017.

## **Budget Preparation**

10. Following the approval of the Budget Strategy Report by Cabinet in July 2017, directorates spent the summer reviewing and updating savings proposals and testing their achievability as part of establishing a balanced budget position for approval by Council in February 2018. The Budget Strategy Report indicated a potential budget gap of £23.5 million in 2018/19 and £73.5 million over the period to 2020/21. Within those figures, directorate savings were expected to amount to £52 million over three years with the balance accounted for through other strategy assumptions including increases in Council Tax.
11. Until Provisional Settlement was announced in October 2017, Welsh Local Authorities had received no indicative funding figures for 2018/19. The budget gap outlined in the Budget Strategy Report assumed a 1% funding reduction for Cardiff in 2018/19. This was in light of general warnings from Welsh Government that Local Authorities should expect further challenging financial settlements. When provisional funding for 2018/19 was announced on the 10 October 2017, the average settlement across the 22 Welsh Authorities was a decrease of 0.5%, with individual settlements ranging from a 0.2% increase to a 1% decrease. Cardiff was the authority in receipt of the 0.2% increase, which equates to additional cash of £954,000 in 2018/19. The 0.2% increase is a more favourable funding settlement than the Council had previously anticipated although it is important to note that the higher than average settlement is indicative of increased demand.
12. Information on specific grants for 2018/19 was published two weeks later than Provisional Settlement this year on 24 October 2017. Grant listings are currently at an All Wales level and require further clarity. However, of note are higher than anticipated reductions to the residual Single Revenue Grant (Environment) and an 11% reduction to Education Improvement Grant (with a further 8% reduction planned for 2019/20). The Welsh Government also announced the intention to run a pilot, of which Cardiff will form part, to allow funding flexibility across a number of existing grants including Families First, Flying Start, Supporting People and Communities First Legacy Fund. This could be taken a step further in 2019/20, with the potential merger of these and further grants into a single "Early Intervention, Prevention and Support Grant" which could combine grants totalling £265 million at an All Wales level.
13. The budget gap has been updated to reflect the funding levels announced in the Provisional Settlement, as well as to take account of increasing demand and most recent inflation and interest rates. The outcome of this update is reflected in the 2018/19 Budget Proposals - For Consultation Report, which was approved by Cabinet on 2 November. The report and consultation document, which are available on line identified an updated budget reduction requirement of £22.8 million for 2018/19. In addition to updating the budget reduction requirement, the Report also sets out the budget savings proposals for consultation. The formal budget consultation commenced on 2 November and will run until 14 December.

The results will be considered by Cabinet in preparing their final 2018/19 budget proposal.

14. The Final Local Government Settlement is expected to be announced during week commencing 18 December 2017. This year, the UK Budget will take place in the Autumn, on 22 November 2017. This timing increases the possibility of change between provisional and final settlement and the risk of further emerging financial pressures. As well as potentially affecting the Welsh Block Grant, the UK budget could make other announcements, for example, in relation to public sector pay. Any such announcements will increase financial pressures in the event they are not fully-funded.
15. With regards the medium term, the Provisional Settlement announced an indicative average AEF reduction of 1.5% for 2019/20. This was with the caveat that the reduction is based on an assumption that the UK Government will proceed with £3.5 billion of cuts planned for 2019/20 that are as yet unallocated. The WG have indicated an intention to review the indicative 1.5% reduction if the UK Budget signals an intention not to proceed with these cuts. Two other key factors of note in relation to the medium term are the proposed review of NJC pay scales and WG's plans to explore Local Government Finance (LGF) Reform. The review of pay scales is expected to have an impact in 2019/20 although this is difficult to quantify at this stage. The WG's intention to consider LGF reform were published alongside the Provisional Settlement. The paper set out a number of areas proposed for review including exploring the potential for more frequent council tax revaluation, the relativity between council tax bands (the current system of ninths), the potential for some form of Non-Domestic Rates (NDR) localisation and in the longer term, the feasibility of replacing NDR with a land value tax.

#### **Reason for Recommendations**

16. To inform Audit Committee of the current financial context for the Council.

#### **Legal Implications**

17. No direct legal implications arise from this report.

#### **Financial Implications**

18. There are no direct implications arising from this information report.

#### **Recommendations**

19. To note the financial information provided and the process being adopted in respect of budget preparation for 2018/19 and the medium term.

**CHRISTINE SALTER  
CORPORATE DIRECTOR RESOURCES  
November 2017**

---

**FINANCIAL RESILIENCE 2017/18**

**REPORT OF THE CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 5.2**

---

**Reason for this Report**

1. Financial resilience can be defined as the ability of the Council to meet unexpected or known demands on resources, in the short, medium and long-term.
2. This report provides Audit Committee Members with various items of information and benchmarking data on the Council's Financial Resilience. This includes the items below:
  - Financial Resilience Snapshot - Month 6 2017/18
  - Financial ratios derived from Statement of Accounts on an All Wales basis for 2013/14, 2014/15 and 2015/16 as calculated and published by Welsh Government
  - The Earmarked Reserves protocol for the Council which includes earmarked reserves balances at 31 March 2017.

**Issues**

**Financial Resilience Snapshot – Month 6**

3. The financial pressures facing local authorities since 2010 have been well documented. The reductions in funding have created financial risks and uncertainty for local authorities. Whilst a robust financial governance framework exists in local government, the recent economic situation has meant local authorities having to look at financial governance in new ways.
4. There has been an emphasis on raising the profile of financial resilience including briefings and training sessions for both Members and Officers. The Council regularly prepares Financial Resilience Snapshots which are designed to give an overview of the financial health of the Council at intervals throughout the year. A snapshot is currently produced as part of the :-
  - Budget Proposals report in February each year and
  - Budget Strategy report in July each year

5. The above reports are considered by Cabinet and Council while a mid year update of the snapshot is also considered by Audit Committee.
6. The snapshot aims to provide an overall view of performance and enable emerging issues and trends to be identified by using past, present and future information. The Month 6 snapshot is included at **Appendix 1**.
7. The information in the Financial Resilience Snapshot is broken down into three parts:
  - The left hand column focusses on historic information taken from the Council's Statement of Accounts 2016/17 and prior years.
  - The middle column provides forecast information for the current financial year at a point in time, in this case the Budget Monitoring Report for Month 6 as at 30 September 2017.
  - The right-hand column includes tables, charts and figures taking a forward look and projections of the financial situation in future years.

#### **Left-Hand Column: Historic Information taken from the Council's Statement of Accounts**

##### Council Fund and Earmarked Reserves

8. This chart shows the amount of Earmarked Reserves and the Council Fund balance held at the end of the financial years from 2013/14 to 2016/17; in quantum, as well as a percentage of the Council's net budget. In 2016/17, Earmarked Reserves increased by £7.754 million to £59.391 million and as planned in the 2016/17 budget, the Council Fund Balance decreased by £1 million to £14.255 million. This has been previously reported in the Statement of Accounts and Outturn Report for the year. The year end outturn position provided the opportunity to increase the level of reserves for use in connection with future demands, in turn improving the Council's financial resilience position.

##### Historic Cumulative Budget Savings

9. Recent years have seen increasing austerity requirements coupled with increasing demands on services. This chart shows both the individual savings required from 2012/13 to 2017/18 and the cumulative effect of these savings. This shows £180.903 million of savings have been required to be made by the Council over the last six years.

##### Actual Revenue Funding Split

10. This chart provides a breakdown of the sources of funding for the Revenue Outturn position for that year between the Revenue Support Grant, Council Tax, Non-Domestic Rates and other income. The Revenue Support Grant from Welsh Government decreased by £2.542 million to £320.309 million between 2015/16 and 2016/17. Distributed Non Domestic Rate (NDR) income increased by £4.741 million in 2016/17 to £105.994 million. The chart shows the continuing dependency on Central Government funding, reductions to which can only be met from savings or increasing Council Tax.

11. Council Tax increased by £5.744 million between 2015/16 and 2016/17 with an outturn of £149.806 million. Council Tax as a percentage of revenue funding is just below 26%.

#### Financial Ratios

12. Whilst ratios determined from local authority accounts can be used to support benchmarking, scrutiny and challenge of authority finances, there are significant risks to such comparison. They should not be used as measures of good or bad performance. Balance sheet data is at a point in time and there are drawbacks to the ratios themselves. There are also accounting and other balances within a Council's accounts which can skew comparisons significantly. Accordingly, comparison should be undertaken with care.
13. The ratios provided in the Month 6 snapshot for Cardiff are based on its single entity Statement of Accounts for 2016/17. **Appendix 2** gives a definition of each of the ratios along with commentary on each measure.

#### *Working Capital as % of Gross Revenue Expenditure*

14. At 31 March 2017, Cardiff had a working capital ratio of 7.02% which is an increase of 1% from the previous year. The reason for this is that the current assets have increased slightly by £7.885 million and at the same time current liabilities have decreased by £1.300 million. This could be because of a number of variables, but the inference is that the Council is now in a better position to cover day to day expenditure.

#### *Usable Reserves as % of Gross Revenue Expenditure*

15. At 31 March 2017, Cardiff had Usable Reserves of 11.50%, which was a 1.19% increase on the previous year. This reflects the increase in reserves indicated earlier.

#### *Earmarked Reserves as % of Gross Revenue Expenditure*

16. Cardiff's ratio at 31 March 2017 was 7.00%, which was an increase of 0.59% on the previous year, and this follows the increasing trend over the past three years.

#### *Unallocated / General Reserves*

17. A favourable revenue outturn position in 2015/16 allowed the Council to increase the General Balance resulting in an increase of this ratio. Of the increase in that year, £1 million was to be used in setting the Council's budget for 2016/17 which was approved by Council in February 2016.

#### *Long-term Borrowing to Long-term Assets*

18. The ratio for Cardiff at 31 March 2017 remained the same as for 2015/16 at 0.35. This plateau follows an increase in 2015/16 as a result of additional borrowing to undertake the Housing Subsidy budget.

### *Long-term Borrowing to Taxation and Aggregate External Finance*

19. The long-term borrowing to taxation and non-specific grants ratio for Cardiff for at 31 March 2017 was 1.10, which remains the same as last year. The increase in 2015/6 in borrowing was as a result of the Housing Subsidy Buyout.

### *Council Tax as % of Taxation and Non-Specific Grant Income*

20. At 31 March 2017, Cardiff had a ratio of 26.01% which was an increase of 0.8% from the previous year's ratio of 25.21%. This ratio aims to determine the percentage of the net revenue budget that is paid for by Council tax, but it can be influenced by changes into and out of the settlement determined by WG each year.

### **Middle Column: Forecast information for the current financial year**

#### Revenue Month 6 Projected Position

21. The Month 6 Budget Monitoring report was considered by Cabinet on 16 November 2017 and the forecasts included in the snapshot are consistent with that report. In total the Directorates collectively have a projected outturn over budget on revenue expenditure by 0.91% although the overall position is projected to be in balance.

#### Revenue Savings Achieved and Unachieved as at Month 6

22. This shows the total level of savings for 2016/17 which were £25.892 million. Out of this 93.1% were achieved and 6.9% were unachieved. In 2017/18, the total £14.157 million to be achieved shows that 86.2% of these have been achieved so far.
23. The unachieved savings for both years are broken down by Directorate. For 2016/17, Education and Lifelong Learning had the highest level of unachieved savings at £560,000. The projection for 2017/18 shows that only Social Services have projected unachievable savings over £1 million. Monitoring of savings is a regular consideration at Senior Management Team and at timetabled discussions with Cabinet Members.

#### Capital Month 6 Projected Position

24. This table reflects projections in the Month 6 Budget Monitoring report. The largest variance of £4.589 million relates to Education & Lifelong Learning and primarily to timing of costs expected in relation to the 21<sup>st</sup> Century Schools Programme.

### **Right-Hand Column: Financial Snapshot of Future Performance and Estimates**

#### *Medium Term Financial Plan*

25. This table outlines the budget reduction requirement that the Council is facing over the medium term, along with a summary of the strategy proposed to address this. The budget reduction requirement is the sum of the financial pressures facing the Council and the projected funding reduction for each year. In order to address the gap, budget strategy assumptions are added to total projected savings. Any remaining gap which is still to be addressed is shown in the final row of the table.

## *Capital Expenditure & Capital Financing Requirement*

26. This table sets out the estimates for capital expenditure and historic capital expenditure incurred but not yet paid (the Capital Financing Requirement) for the next three years. Figures for 2018/19 onwards are those included in the Budget report for 2017/18. At its meeting of November 2016, Audit Committee considered the Council policy for the prudent repayment of historic capital expenditure (debt).

### *Affordability Indicator – Capital Financing Costs as a % of Controllable Budget*

27. Capital financing costs include external interest payable and prudent revenue provision for the repayment of debt. The affordability indicators were established in 2011/12 and the percentages for that year are used as a base for determining the increase in this ratio over a period. Future years' projections are those currently included in the Budget report for 2017/18.

### **Financial Ratios – WG Comparative Data**

28. Welsh Government publish reports on Local Authority Financial Indicators. An extract of the financial indicators for 2013/14, 2014/15 and 2015/16 for all Local Authorities in Wales are shown in **Appendix 3** with the full report for 2015/16 shown in **Appendix 4**. Data using 2016/17 accounts are yet to be published by Welsh Government.
29. It should be noted that the All Wales ratios are based on the audited Whole of Government Accounts submissions whereas the information included in the Council's snapshot are based on the Council's single entity accounts. Accordingly the ratios will differ, however trend analysis will be a useful indicator. Comments on the ratios in **Appendix 2** should be noted.
30. The table below shows the financial indicators for Cardiff from the Welsh Government report for 2015/16 and ranks each indicator in relation to the other Welsh authorities and the average for Wales:

<b>Financial Indicator Ratio</b>	<b>Welsh Average</b>	<b>Cardiff</b>	<b>Rank (1= Best Performing; 22 = Lowest Performing)</b>
Working Capital to Gross Revenue Expenditure	7.4%	6.0%	10
Reserves to Gross Revenue Expenditure	17.8%	9.10%	21
Earmarked Reserves to Gross Revenue Expenditure	12.4%	6.4%	19
Unallocated/General Reserves to Gross Revenue Expenditure	10.8 Days	7.2 Days	18
Long-Term Borrowing to Long-Term Assets	0.31:1	0.36:1	17
Long-Term Borrowing to Taxation & NS Grants	0.80:1	1.08:1	21
Council Tax to Taxation & NS Grants	26%	28%	5

31. The trend analysis in respect to these ratios published by WG show that the relatively low level of reserves and relatively high levels of long term borrowing, put the Council at the bottom of the range of these indicators in Wales. The dangers of using ratios as



comparators was highlighted above and often requires further detailed analysis. The Figures for long term borrowing for Cardiff above include £187 million of borrowing undertaken in 2015/16 to exit the housing subsidy system.

### **Earmarked Reserves Protocol**

32. Reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. They may be earmarked or general reserves.
33. Reserves enable Councils to:
  - Create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
  - Create a contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves.
  - Creates a means of building up funds, often referred to as earmarked reserves, as defined above, to meet known or predicted liabilities.
34. CIPFA recommended accounting practice requires the S151 officer to create a protocol for reserves and balances for each reserve established. This should set out the purpose, usage and the approval processes for transfers in and out of reserves. This needs to be clearly defined, along with the processes for determining whether the intended use of the reserve is still valid. The current protocol used by the Council is included in **Appendix 5** and has previously been considered by Audit Committee in November 2016. **Appendix 6** shows the position for all earmarked reserves at 31 March 2017, as contained in the audited Statement of Accounts 2016/17.
35. The annual Budget Report to Council includes an assessment by the Section 151 Officer of the adequacy of reserves. The statement included in the 2017/18 report was that “the judgement of the Council’s Section 151 Officer, taking into account the budget monitoring forecast as at 31 December 2016, the corporate budget position, the General Reserve, as well as the General Contingency budget of £3 million is that the projected level of both general and earmarked reserves up until 31 March 2018, is adequate when considering the 2017/18 budget”.

### **Reason for Recommendations**

36. To allow Audit Committee to consider a range of performance and benchmarking information.

### **Legal Implications**

37. No direct legal implications arise from this report.

### **Financial Implications**

38. There are no direct implications arising from this information report.



## **RECOMMENDATIONS**

39. Audit Committee is requested to :-

- To note the financial resilience snapshot provided as at Month 6
- To note the data produced and published by WG on Financial Indicators for 2013/14, 2014/15 and 2015/16
- To note the Earmarked Reserves Protocol.

**CHRISTINE SALTER**  
**COROPORATE DIRECTOR RESOURCES**  
**17 November 2017**

The following appendices are attached:

Appendix 1 – Finance Snapshot - Month 6

Appendix 2 – Financial Ratios – Definitions and Drawbacks

Appendix 3 – Financial indicators for 2013/14, 2014/15 and 2015/16 for all Local Authorities in Wales (Welsh Government Data)

Appendix 4 – Local Authority Financial Indicators, Wales 2015-16 (Welsh Government)

Appendix 5 – Earmarked Reserves Protocol

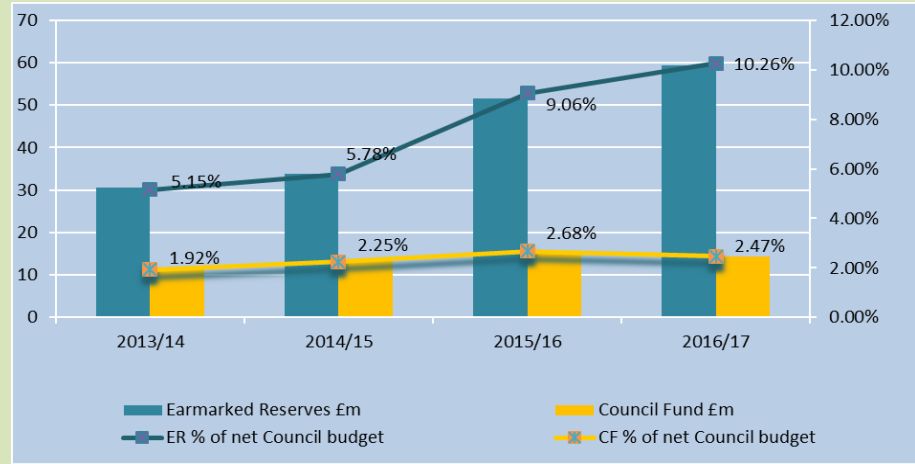
Appendix 6 – Earmarked Reserves Balances 2016-17

This page is intentionally left blank

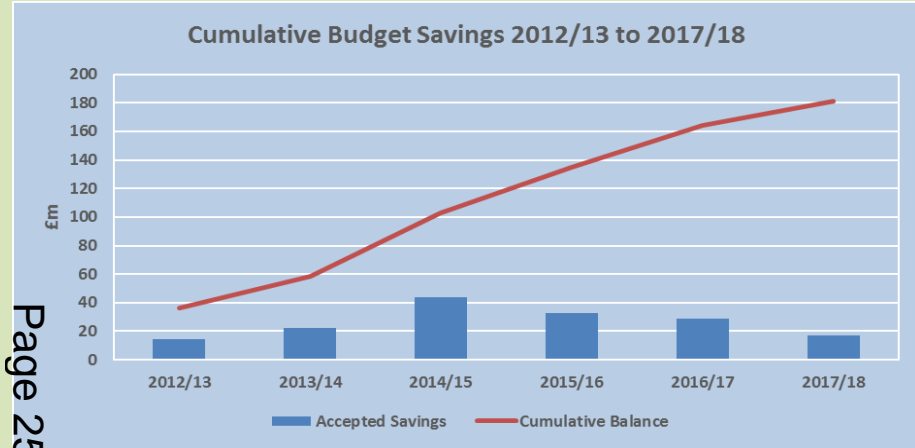
Appendix 1 - FINANCIAL SNAPSHOT REPORT - Month 6 - OCTOBER 2017

The following tables, charts and figures give an indication of the financial resilience of the Council as per the Statement of Accounts.

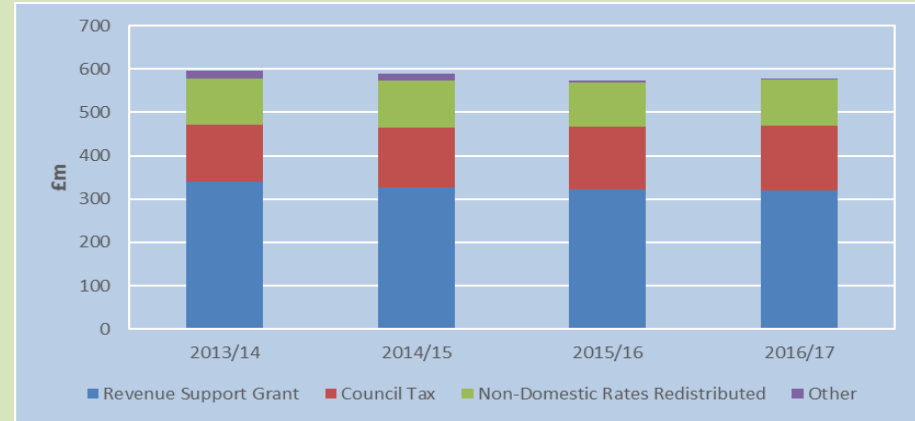
Level of Council Fund (CF) and Earmarked Reserves (ER)



Cardiff Council Historic Cumulative Budget Savings



Actual Revenue Funding Split



Other Financial Indicators - Cardiff Council Single Entity Accounts

Indicator	2013/14	2014/15	2015/16	2016/17
Working Capital as a percentage of Gross Revenue Expenditure (%)	5.18%	5.13%	6.02%	7.02%
Usable Reserves as a percentage of Gross Revenue Expenditure (%)	6.43%	7.16%	10.31%	11.50%
Earmarked Reserves as a percentage of Gross Revenue Expenditure (%)	3.76%	4.22%	6.41%	7.00%
Unallocated/General Reserves to Gross Revenue Expenditure (days)	5	6	7	6
Long-term Borrowing to Long-term Assets (ratio)	0.25:1	0.24:1	0.35:1	0.35:1
Long-term Borrowing to Taxation & Non-Specific Grants	0.75:1	0.76:1	1.10:1	1.10:1
Council Tax as a % of Taxation & Non-Specific Grants (%)	21.78%	23.11%	25.21%	26.01%

The tables below show the Projected Outturn position for the 2017/18 financial year for both revenue and capital.

Revenue Month 6 Projected Position

Directorate	Net Expenditure Budget £000	Projected Outturn £000	Variance £000	Variance %
City Operations	34,593	34,475	(118)	(0.3%)
Communities, Housing & CS	43,465	43,307	(158)	(0.4%)
Corporate Management	26,105	26,053	(52)	(0.2%)
Economic Development	13,001	14,348	1,347	10.4%
Education & Lifelong Learning	249,197	250,355	1,158	0.5%
Governance & Legal Services	6,172	6,054	(118)	(1.9%)
Resources	19,547	19,246	(301)	(1.5%)
Social Services	153,381	156,579	3,198	2.1%
Total Directorates	545,461	550,417	4,956	0.91%
Capital Financing	33,717	34,005	288	0.9%
Discretionary Rate Relief	350	350	0	0.0%
General Contingency	3,000	0	(3,000)	(100.0%)
Summary Revenue Account etc.	4,456	3,356	(1,100)	(24.7%)
Council Tax Collection	0	(177)	(177)	0.0%
NDR Refunds on Council Properties	0	(967)	(967)	0.0%
Total	586,984	586,984	0	0.0%

Revenue Savings Achieved and Unachieved



Directorate	Unachieved Savings by Year		
	2016/17 £000	2017/18 £000	Total £000
City Operations	154	138	292
Communities, Housing & CS	296	119	415
Corporate Management	0	0	0
Economic Development	230	207	437
Education & Lifelong Learning	560	315	875
Governance & Legal Services	0	55	55
Resources	0	0	0
Social Services	542	1,120	1,662
Total	1,782	1,954	3,736

Capital Month 6 Projected Position

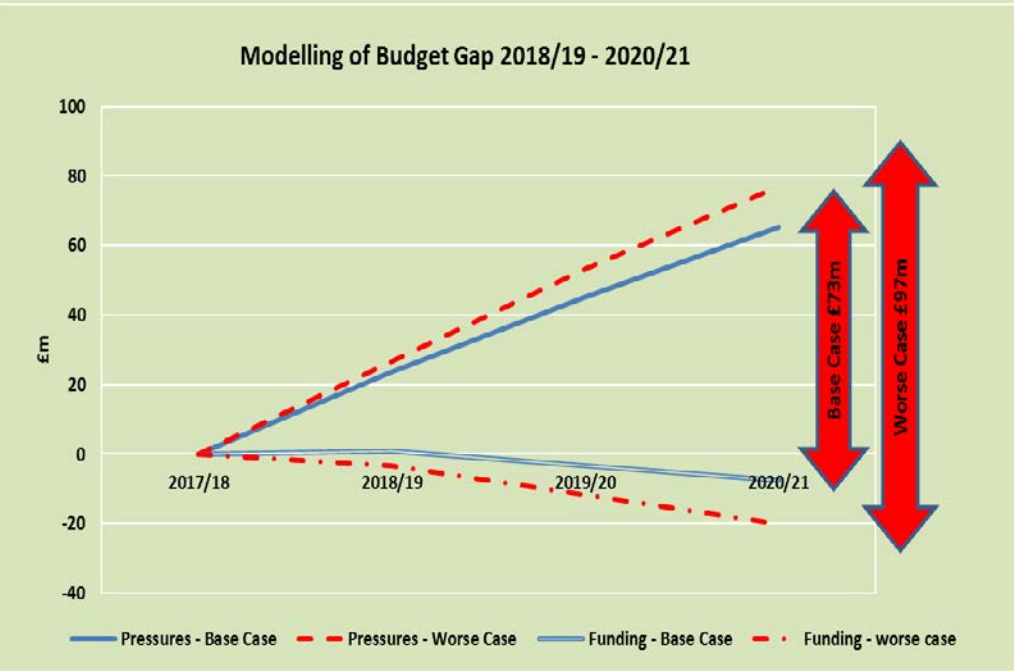
Directorate	Budget £000	Projected Outturn £000	Variance £000	Variance %	(Under)/Overspend £000	Slippage £000
City Operations	27,984	24,873	(3,111)	(11.1%)	(117)	(2,994)
Communities, Housing & Customer Services	13,178	11,259	(1,919)	(14.6%)	0	(1,919)
Economic Development	19,461	18,732	(729)	(3.7%)	528	(1,257)
Education & Lifelong Learning	57,650	53,061	(4,589)	(8.0%)	(150)	(4,439)
Resources	1,724	1,665	(59)	(3.4%)	0	(59)
Social Services	2,357	1,579	(778)	(33.0%)	0	(778)
Total	122,354	111,169	(11,185)	(9.14%)	261	(11,446)

The tables below show the Medium Term Financial Plan (MTFP), the risks and affordability indicators facing the Council.

MTFP Scenario

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Financial Pressures	23,747	21,504	20,035	65,286
Aggregate External Finance	(954)	4,237	4,195	7,478
Budget Requirement Reduction	22,793	25,741	24,230	72,764

Budget Strategy Assumptions	8,497	6,762	6,285	21,544
Total Savings Required	14,296	18,979	17,945	51,220
Total Strategy	22,793	25,741	24,230	72,764



Capital Expenditure & Capital Financing Requirement (CFR)

	31 Mar 17 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 20 £000
Capital Expenditure	Actual	Estimate	Estimate	Estimate
Council Fund (General Fund)	83,833	111,169	81,037	18,277
Housing Revenue Account	24,154	29,562	31,350	24,490
Total Capital Expenditure	107,987	140,731	112,387	42,767
Capital Financing Requirement excl. Landfill				
Council Fund CFR	450,552	485,689	472,458	462,450
Housing Revenue Account CFR	273,883	273,954	290,881	292,012
Total CFR	724,435	759,643	763,339	754,462

Affordability Indicator - Capital Financing Costs as a % of Controllable Budget

	2011/12	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Difference 11/12-21/22
	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
	%	%	%	%	%	%	%	%
Net	13.47	15.1	14.77	15.29	15.78	17.17	18.32	36.01
Gross	15.17	18.95	19.44	20.13	20.51	22.00	23.19	52.87

This page is intentionally left blank

## **Appendix 2 - Financial Ratios - Definitions and Drawbacks**

### **Working Capital as % of Gross Revenue Expenditure**

Working capital is defined as current assets less current liabilities. This indicator measures the authority's ability to cover existing expenditure from working capital. Authorities with strongly positive indicators would have little difficulty liquidating sufficient assets to continue to operate in the event of a cash flow crisis; authorities with negative indicators may have to borrow to carry on, incurring additional costs.

This is unlikely to be a risk for Local Authorities given their ability to obtain short-term borrowing but it does act as an indicator of how an authority manages its short-term finances.

#### *Drawbacks of Measure*

*Position is at one point in time. Inclusion of assets held for sale (Property to be sold in the following year) in the measure could distort comparison between years and with other authorities.*

### **Reserves as % of Gross Revenue Expenditure**

This measure indicates the level of funds authorities are retaining for future plans and unforeseen expenditure. Reserves have been split into three distinct indicators as follows.

*Useable Reserves* - for purposes of this indicator, usable reserves include earmarked reserves, unallocated/general reserves and capital receipts. They include both Housing Revenue Account (HRA) and Schools Balances which have restrictions on use.

*Earmarked Reserves* - amounts set aside to be used to meet specific, known or predicted future expenditure. The indicators exclude HRA and schools balances.

*Unallocated / General Reserves* - amounts held to cushion the impact of unexpected events or emergencies. The indicator excludes the HRA Balance

#### *Drawbacks of Measure*

*Comparison between years is difficult due to transfers in / out of settlement. Different reserves may have been set aside to meet different exposures / levels of risk. Capital receipts are included in the measure but not usable for revenue purposes.*

### **Long-term Borrowing to Long-term Assets**

This ratio measures the relationship between a Council's long-term borrowing and long-term assets.

### Drawbacks of Measure

*This measure looks at whether assets could be disposed of to pay off borrowing. This is in most cases not possible. In addition, authorities may have or be in different phases of their fixed asset revaluation cycles. Valuations and accounting practice has a big impact on this ratio. Some authorities may have a Housing Revenue Account (HRA), others not. A subsidy buy out took place in 2015/16 which resulted in significant change and levels of borrowing for those authorities with a housing stock.*

*Treasury management strategies e.g. level of internal borrowing will impact on the ratio, so a better choice for the numerator could be the level of Capital Financing Requirement (CFR), which is a measure of capital expenditure incurred but not yet paid for.*

### **Long-term Borrowing to Taxation and Non-Specific Grant Income**

This ratio measures the relationship between an authority's long-term borrowing (as defined in the previous section) and its income from taxation and non-specific grants. It provides an indication of the potential for debt repayments to impact on future spending plans. In this analysis, income includes:

- Council tax income
- Revenue Support Grant from Government
- Distributed Non-domestic rates income
- Non-specific grant income

### Drawbacks of Measure

*Impacted on by Treasury Strategies and timing of borrowing decisions, so again use of CFR may have been better. Ratio likely to be significantly influenced by movements in / out of the settlement. Considers the level of borrowing rather than the cost of servicing that borrowing, which is one of the required prudential indicators, which itself has some limitations. Protected services and other impacts mean that some income cannot be utilised for other purposes such as capital financing costs. i.e. the ratio does not distinguish between controllable and non controllable income. A subsidy buy out took place in 2015/16 which resulted in significant change to levels of borrowing.*

*The WG calculation of income includes capital grants and other external contributions in year towards capital expenditure. These may vary significantly between years, however the calculation of income excludes rent income, whilst HRA borrowing is included in long term borrowing.*

### **Council Tax as % of Taxation and Non-Specific Grant Income**

This ratio measures how much council tax contributes to taxation and non-specific grant income.

### Drawbacks of Measure

*This does not take into account other income which may be a significant way for some Council's to lower Council Tax figures. The WG calculation of income includes capital grants and other external contributions in year towards capital expenditure. These may vary significantly between years*

### Appendix 3 - Financial Indicators for 2013/14, 2014/15 and 2015/16 for all Local Authorities in Wales (Welsh Government Data)

	Working Capital to Gross Revenue Expenditure			Reserves (1) to Gross Revenue Expenditure			Earmarked Reserves to Gross Revenue Expenditure			Unallocated / General Reserves to Gross Revenue Expenditure			Long-term Borrowing to Long-Term Assets			Long-term Borrowing to Taxation and NS Grants			Council Tax to Taxation & NS Grants		
	%			%			%			(days)			Ratio			Ratio			%		
Local Authority	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Anglesey	5.3%	7.5%	13.9%	15.0%	15.0%	15.9%	11.0%	11.0%	10.2%	12.6	16.7	20.7	0.27	0.25	0.31	0.63	0.65	0.80	25%	23%	24%
Gwynedd	5.8%	2.1%	(0.4%)	20.0%	20.0%	18.8%	17.0%	17.0%	16.1%	10.4	8	7.1	0.29	0.27	0.26	0.43	0.44	0.44	25%	27%	28%
Conwy	1.1%	(2.6%)	(3.5%)	11.0%	10.0%	8.6%	9.0%	8.0%	6.9%	6.1	3.4	3.4	0.35	0.32	0.32	0.54	0.57	0.58	24%	27%	29%
Denbighshire	8.1%	12.0%	0.4%	21.0%	24.0%	17.8%	16.0%	19.0%	13.1%	15.2	14.1	13.8	0.32	0.33	0.39	0.64	0.70	0.88	23%	25%	27%
Flintshire	15.2%	11.8%	8.9%	16.0%	14.0%	13.6%	12.0%	9.0%	7.9%	12.8	12	11.6	0.24	0.24	0.36	0.62	0.62	0.89	26%	27%	28%
Wrexham	8.9%	6.2%	2.6%	13.0%	14.0%	14.0%	5.0%	6.0%	6.6%	8.7	8.7	8.8	0.16	0.17	0.32	0.55	0.60	1.27	24%	26%	27%
Powys	0.0%	(1.0%)	1.4%	16.0%	16.0%	18.4%	9.0%	8.0%	8.4%	11.7	13.4	18	0.23	0.22	0.32	0.58	0.63	0.95	26%	28%	30%
Ceredigion	4.5%	14.4%	7.6%	18.0%	16.0%	14.7%	13.0%	11.0%	9.3%	12.1	10.3	10.4	0.29	0.33	0.33	0.66	0.77	0.81	25%	25%	27%
Pembrokeshire	23.6%	26.0%	28.7%	27.0%	29.0%	30.5%	22.0%	24.0%	26.1%	8.8	8.9	9.7	0.15	0.15	0.31	0.53	0.53	0.87	22%	23%	24%
Carmarthenshire	0.3%	4.8%	5.4%	25.0%	25.0%	22.4%	18.0%	17.0%	15.8%	7.7	7.3	7.7	0.18	0.19	0.28	0.64	0.69	0.98	22%	23%	25%
Swansea	10.2%	6.9%	10.4%	15.0%	12.0%	14.0%	8.0%	8.0%	8.5%	14.9	8	14.6	0.28	0.25	0.28	0.69	0.70	0.92	24%	21%	23%
Neath Port Talbot	11.8%	11.0%	12.4%	15.0%	13.0%	14.9%	9.0%	7.0%	8.5%	13.9	14	17.7	0.30	0.33	0.36	0.63	0.76	0.85	22%	24%	26%
Bridgend	0.5%	3.1%	5.7%	16.0%	19.0%	21.0%	11.0%	12.0%	13.1%	8.3	8.3	8.5	0.22	0.25	0.24	0.42	0.42	0.42	25%	26%	28%
Vale of Glamorgan	26.0%	25.6%	25.6%	30.0%	32.0%	33.9%	20.0%	22.0%	24.0%	18.2	16.6	13.5	0.16	0.16	0.26	0.35	0.39	0.64	26%	29%	31%
Rhondda Cynon Taff	-1.6%	(4.8%)	(2.3%)	21.0%	21.0%	23.2%	19.0%	18.0%	21.2%	6.4	6.8	6.9	0.23	0.23	0.23	0.45	0.38	0.48	20%	18%	23%
Merthyr Tydfil	-3.0%	(1.9%)	(4.2%)	7.0%	9.0%	14.1%	3.0%	5.0%	10.2%	12.5	12.8	12.9	0.29	0.28	0.27	0.53	0.51	0.54	20%	15%	18%
Caerphilly	13.2%	24.4%	23.3%	16.0%	20.0%	21.6%	10.0%	14.0%	15.7%	13.7	12.9	11.2	0.22	0.23	0.26	0.63	0.73	0.89	19%	16%	20%
Blaenau Gwent	-3.8%	(2.5%)	(11.3%)	15.0%	15.0%	14.1%	5.0%	6.0%	6.0%	17.9	12.1	13.3	0.32	0.36	0.39	0.58	0.70	0.72	18%	20%	22%
Torfaen	3.3%	4.5%	4.7%	12.0%	13.0%	12.6%	3.0%	3.0%	2.9%	16.3	17.2	17.5	0.31	0.29	0.30	0.54	0.54	0.51	21%	23%	23%
Monmouthshire	3.1%	2.4%	(2.2%)	16.0%	20.0%	12.4%	7.0%	6.0%	5.4%	14.1	14.3	14.3	0.26	0.25	0.23	0.43	0.44	0.42	34%	36%	38%
Newport	-3.3%	(0.2%)	17.0%	23.0%	24.0%	27.2%	19.0%	20.0%	23.0%	5.4	9.2	6.8	0.41	0.44	0.46	0.75	0.85	0.91	21%	18%	20%
Wales Average	6.2%	6.8%	7.4%	17.0%	17.0%	17.8%	11.0%	12.0%	12.4%	10.7	10	10.8	0.24	0.25	0.31	0.58	0.61	0.80	23%	23%	26%
Cardiff	4.9%	4.9%	6.0%	5.0%	6.0%	9.1%	4.0%	4.0%	6.4%	5.1	6	7.2	0.26	0.25	0.36	0.73	0.75	1.08	24%	26%	28%
Rank within Wales	11	10	10	22	22	21	20	21	19	22	21	18	9	8	17	21	19	21	9	7	5

(1) Includes general, earmarked and capital receipts reserves

This page is intentionally left blank





# Local Authority Financial Indicators, Wales

2015-16

December 2016

## **Introduction**

The Local Authority Financial Indicators, Wales: A review of local authority financial ratios 2011-12 to 2013-14 was produced to provide insights into the historic financial performance of Local Authorities in Wales.

It provided comparative statistics on the financial performances of Welsh Local Government over the period from 2011-12 to 2013-14. The report provided some background on the composition of each indicator and what it is intended to reflect.

This report sets out the headline messages and the latest position of financial indicators for 2015-16.

## Headlines

### Working Capital as % of Gross Revenue Expenditure

This indicator measures the extent to which an authority could cover existing expenditure from working capital if necessary.

- Six authorities in Wales in 2015-16 had negative indicators due to low levels of current assets compared to current liabilities.
- Three authorities in Wales had an indicator greater than 20% in 2015-16.

### Reserves as % of Gross Revenue Expenditure

This measure indicates the level of funds authorities are retaining for future plans and unforeseen expenditure. These have been split into three distinct indicators as follows.

#### Useable Reserves

For purposes of this indicator, usable reserves include earmarked reserves, unallocated/general reserves and capital receipts.

- The average % of reserves to gross revenue expenditure for Wales in 2014-15 was 17%.
- Seven authorities in 2014-15 had a % greater than 20%.

#### Earmarked Reserves

- The average % of earmarked reserves to gross revenue expenditure for Wales in 2014-15 was 12%.
- Seven authorities in 2014-15 had a % greater than 15%.

#### General/Unallocated Reserves

- The average % of general reserves in Wales are 3% of gross revenue expenditure.
- Levels across all authorities range from 0.9% to 5.7%.
- The number of days turnover covered by unallocated reserves for Wales in 2015-16 was 10.
- Four authorities had cover of more than 17 days turnover.

### Long-term Borrowing to Long-term Assets

This ratio measures the relationship between a council's long-term borrowing and long-term assets.

- In 2015-16 the wales average ratio increased to 0.31 from 0.25 in the previous year as a result of the HRAS buyout
- Two authorities had long-term debt representing 23% of the value of their long-term assets
- One authority had long-term debt, representing 46% of the value of their long-term assets.

### **Long-term Borrowing to Taxation and Non-Specific Grant Income**

This ratio measures the relationship between an authority's long-term borrowing and its taxation and non-specific grant income.

- The result of the HRAS buyout increased the Wales average ratio of long term borrowing to taxation and non-specific grant income from 0.6 in 2014-15 to 0.8 in 2015-16
- Four authorities in 2015-16 had long-term debt less than 0.5.
- Thirteen authorities had long-term debt exceeding the Wales average ratio of 0.8 of their taxation and non-specific grant income. This included ten of the eleven housing stock authorities impacted by the HRAS buyout.

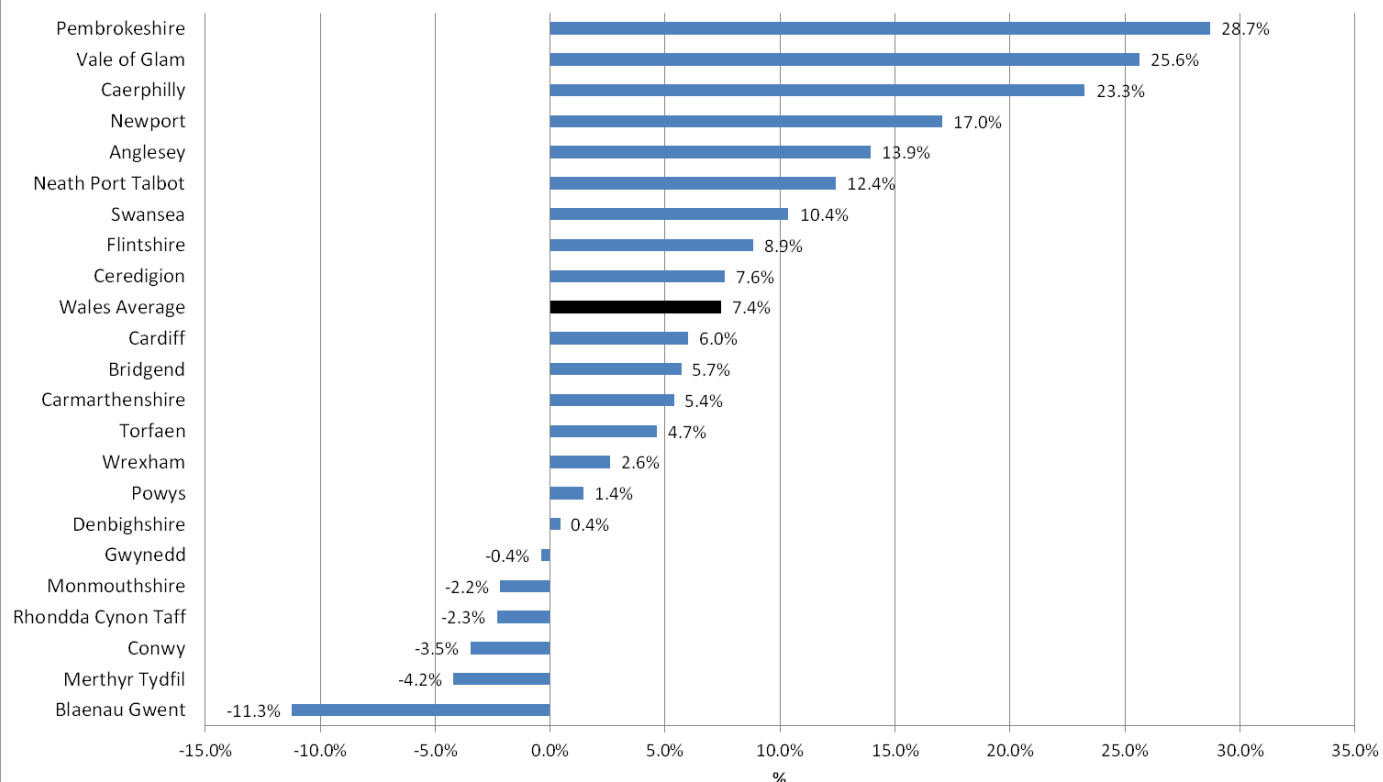
### **Council Tax as % of Taxation and Non-Specific Grant Income**

This ratio measures how much council tax contributes to taxation and non-specific grant income.

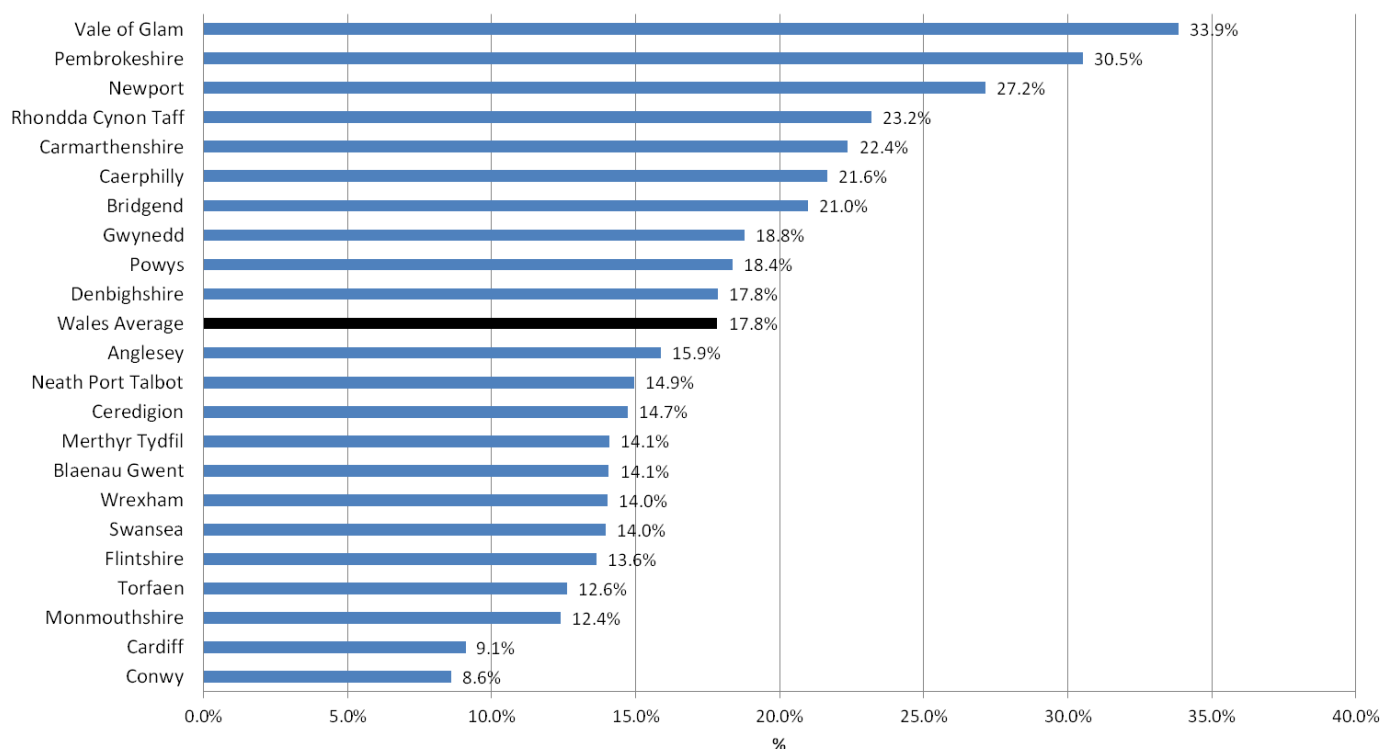
- Two local authorities in Wales had council tax income, which accounted for less than 20% of their taxation and non-specific grant income.
- Two local authority's council tax income accounted for more than 30% of their taxation and non-specific grant income.

		Financial Indicators						
		Working Capital to Gross Revenue Expenditure	Reserves (1) to Gross Revenue Expenditure	Earmarked Reserves to Gross Revenue Expenditure	Unallocated /general reserves to Gross Revenue Expenditure	Long-term Borrowing to Long-term Assets	Long Term Borrowing to Taxation & NS Grants	Council Tax to Taxation & NS Grants
	<b>2015-16</b>	%	%	%	(days)	Ratio	Ratio	%
1	Anglesey	13.9%	15.9%	10.2%	20.7	0.31	0.80	24%
2	Gwynedd	-0.4%	18.8%	16.1%	7.1	0.26	0.44	28%
3	Conwy	-3.5%	8.6%	6.9%	3.4	0.32	0.58	29%
4	Denbighshire	0.4%	17.8%	13.1%	13.8	0.39	0.88	27%
5	Flintshire	8.9%	13.6%	7.9%	11.6	0.36	0.89	28%
6	Wrexham	2.6%	14.0%	6.6%	8.8	0.32	1.27	27%
7	Powys	1.4%	18.4%	8.4%	18.0	0.32	0.95	30%
8	Ceredigion	7.6%	14.7%	9.3%	10.4	0.33	0.81	27%
9	Pembrokeshire	28.7%	30.5%	26.1%	9.7	0.31	0.87	24%
10	Carmarthenshire	5.4%	22.4%	15.8%	7.7	0.28	0.98	25%
11	Swansea	10.4%	14.0%	8.5%	14.6	0.28	0.92	23%
12	Neath Port Talbot	12.4%	14.9%	8.5%	17.7	0.36	0.85	26%
13	Bridgend	5.7%	21.0%	13.1%	8.5	0.24	0.42	28%
14	Vale of Glam	25.6%	33.9%	24.0%	13.5	0.26	0.64	31%
15	Rhondda Cynon Taff	-2.3%	23.2%	21.2%	6.9	0.23	0.48	23%
16	Merthyr Tydfil	-4.2%	14.1%	10.2%	12.9	0.27	0.54	18%
17	Caerphilly	23.3%	21.6%	15.7%	11.2	0.26	0.89	20%
18	Blaenau Gwent	-11.3%	14.1%	6.0%	13.3	0.39	0.72	22%
19	Torfaen	4.7%	12.6%	2.9%	17.5	0.30	0.51	23%
20	Monmouthshire	-2.2%	12.4%	5.4%	14.3	0.23	0.42	38%
21	Newport	17.0%	27.2%	23.0%	6.8	0.46	0.91	20%
22	Cardiff	6.0%	9.1%	6.4%	7.2	0.36	1.08	28%
	<b>Wales Average</b>	<b>7.4%</b>	<b>17.8%</b>	<b>12.4%</b>	<b>10.8</b>	<b>0.31</b>	<b>0.80</b>	<b>26%</b>
	<i>Reserves (1) includes general, earmarked and capital receipts reserves</i>							

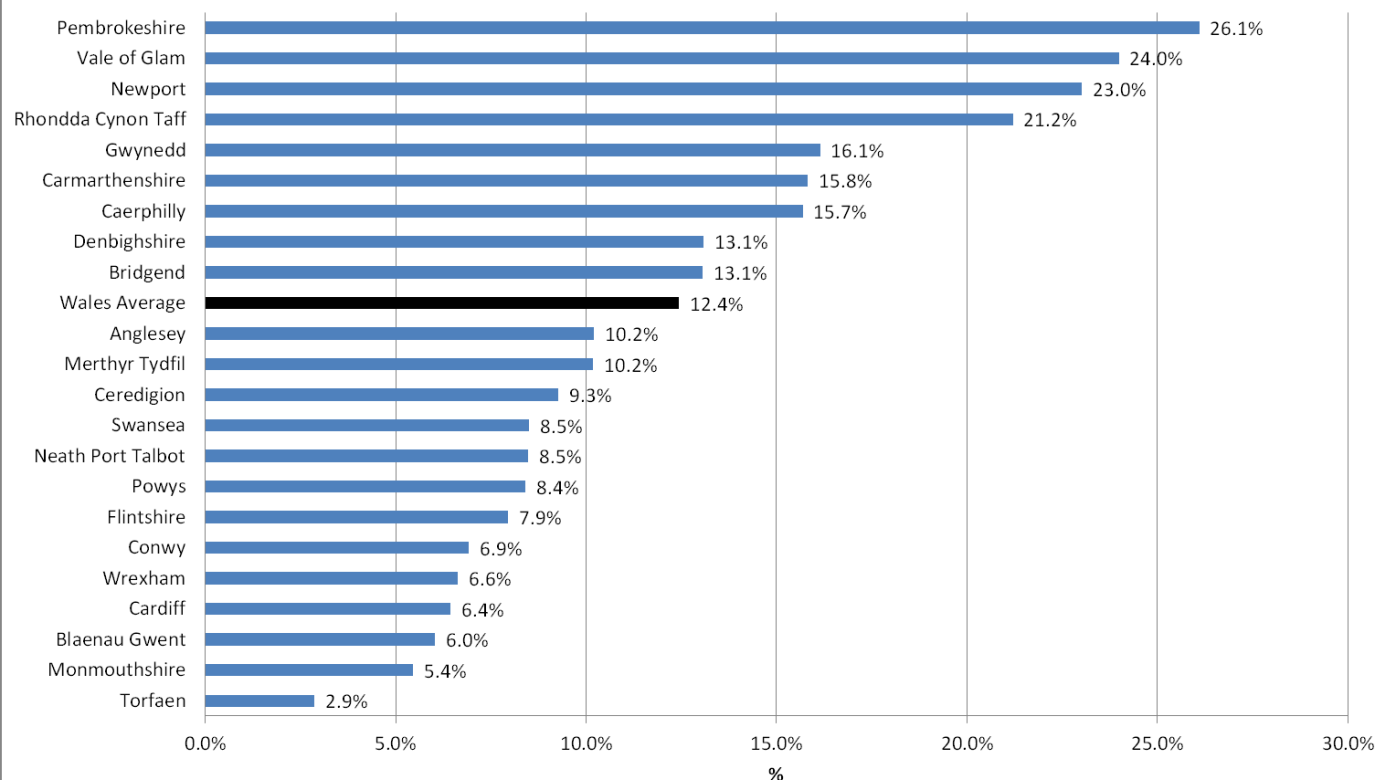
### Working Capital at March 2016



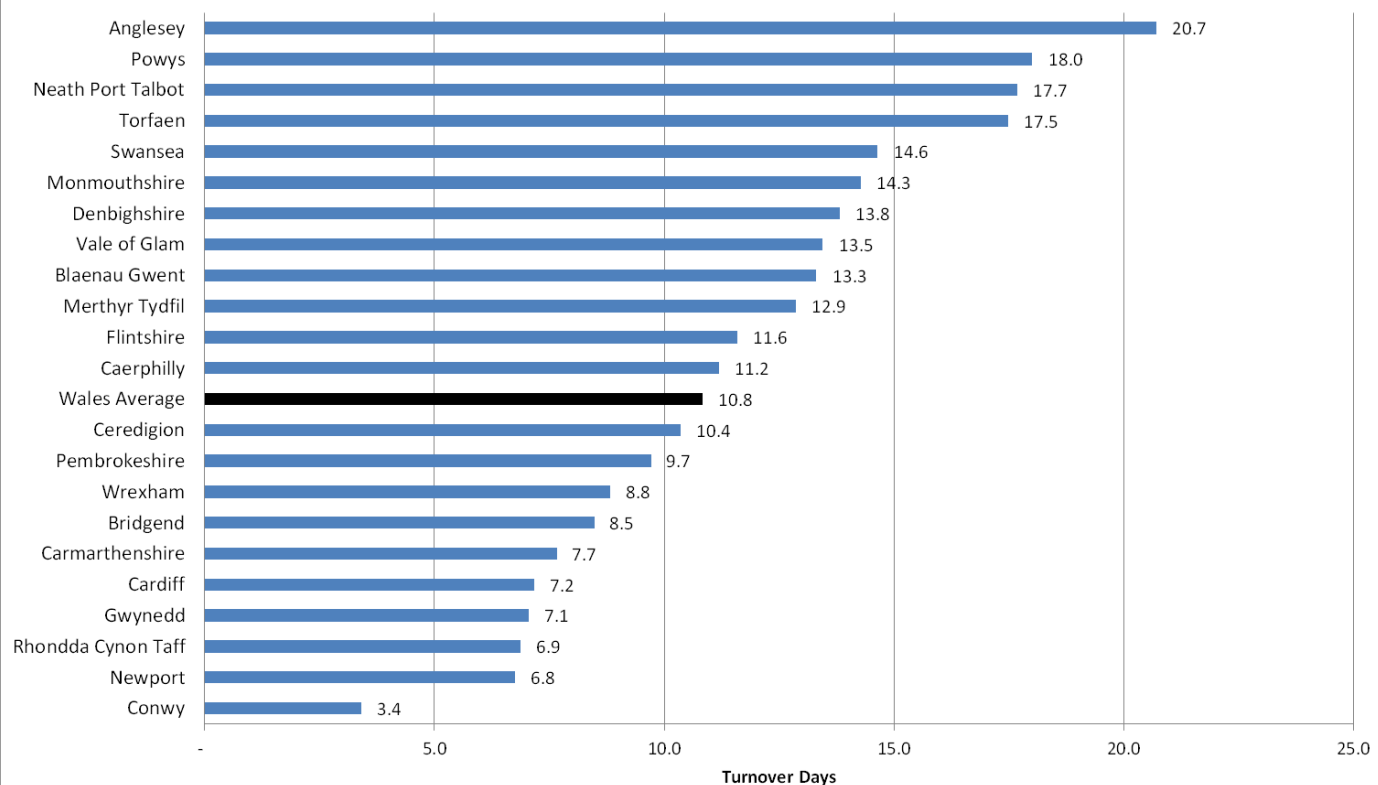
### Reserves to Gross Revenue Expenditure (excluding HRA, Schools, Unapplied Grants & Group Reserves) at March 2016



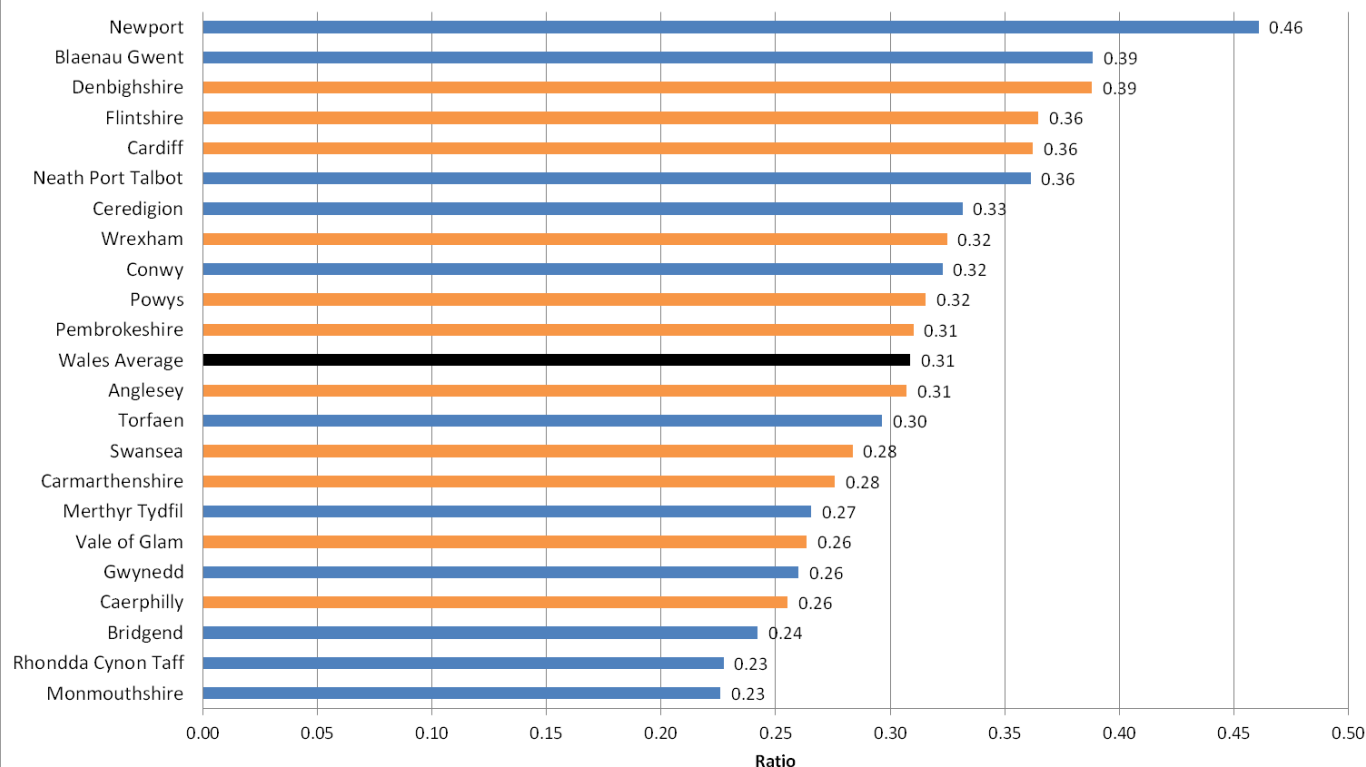
### Earmarked Reserves to Gross Revenue Expenditure at March 2016



### General / Unallocated Reserves to Gross Revenue Expenditure at March 2016

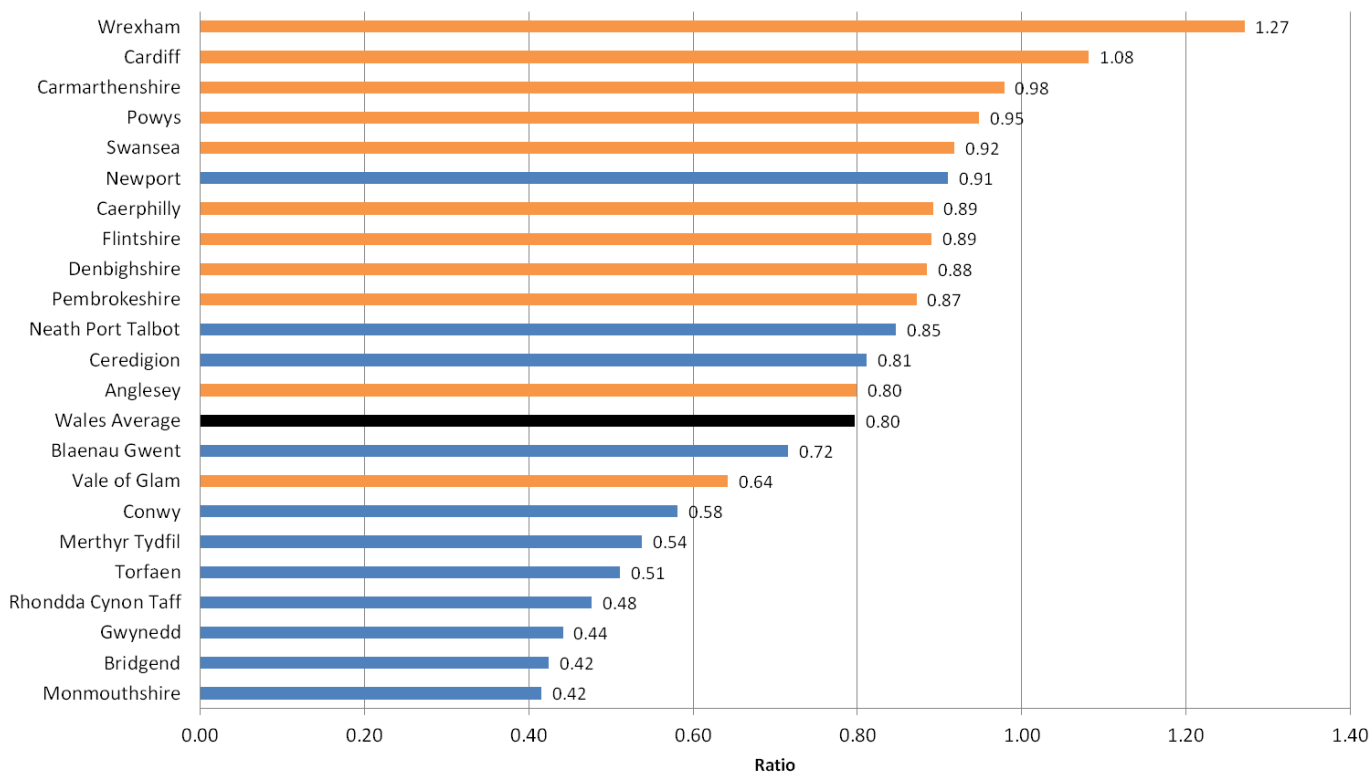


### Long Term Borrowing to Long Term Assets at March 2016



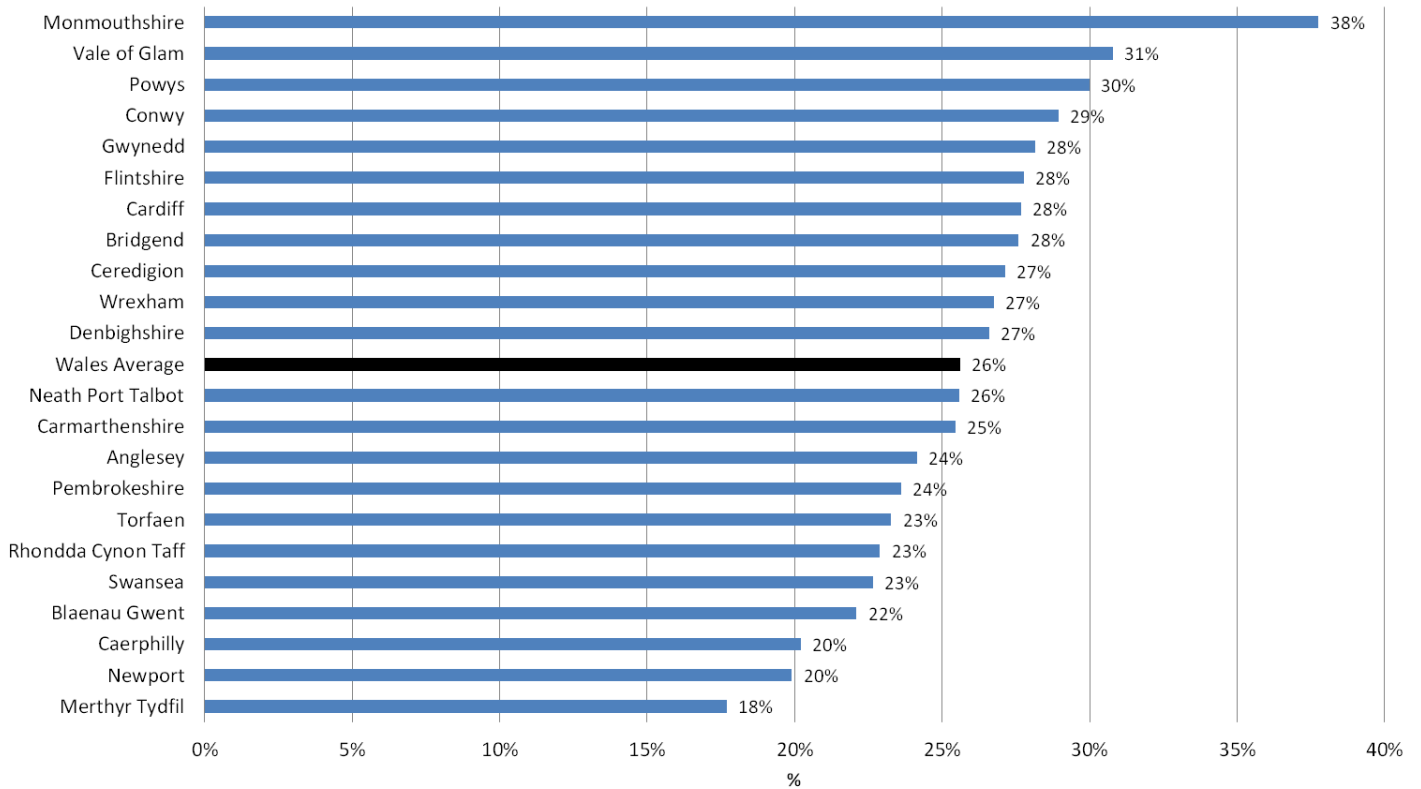
Local Authorities with Housing Stock assets and related borrowing are denoted separately

### Long Term Borrowing to Taxation & non-specific Grants 2015-16





### Council Tax as % of Total taxation & non-specific grant income 2015-16



This page is intentionally left blank

## **Appendix 5 - City of Cardiff Council - Reserves and Balances Protocol**

Reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. There may be Earmarked or General Reserves. CIPFA LAAP Bulletin 99 requires the S151 officer to create a protocol for reserves and balances where for each reserve established. This should set out the purpose, usage and the approval processes for transfers in and out. This needs to be clearly defined, along with the processes for determining whether the intended use of the reserve is still valid

Reserves enable us to:

- Create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- Create a contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds, often referred to as earmarked reserves, as defined above, to meet known or predicted liabilities.

There are other reserves that can only be used for specific statutory purposes. These include the usable capital receipts and pensions reserve. These are not considered part of this protocol.

### **Governance**

Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. It is important, therefore, that councillors take responsibility for ensuring the adequacy of reserves and provisions when they set the budget.

It is the responsibility of the Chief Financial Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Section 25 of the Local Government Act 2003 places a specific personal duty on the Chief Financial Officer to report on the adequacy of reserves and the robustness of the budget.

### **Projected Use of Earmarked Reserves in-year by accountants**

Projected use of earmarked reserves are monitored and forecast twice in the year.

- During the autumn in preparation for the forthcoming budget proposals.
- A final update conducted imminently prior to the finalisation of the budget proposals.

## **Review of Adequacy of Earmarked Reserves by S151 Officer**

- A thorough review of earmarked reserves is conducted by the Budget Strategy Team to challenge the projected balances identified and identify those reserves that are no longer required (either in part or in full) to be utilised as part of the funding of the forthcoming budget or to be transferred to general reserves.
- During the year exercises may be undertaken to benchmark the level of reserves held by the Council against Welsh and similar sized authorities.
- The Council's financial snapshot includes trend analysis of reserves over a four year period
- In order to assess the adequacy of unallocated general reserves when setting the S151 Officer will account of the strategic, operational and financial risks facing the authority. This assessment will be conducted on the basis that the services will continue to be provided, and adequate reserves will therefore be required by successor authorities. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. Considerations could include:-
  - financial resilience and financial standing
  - affordability risks to current and future capital and revenue expenditure plans
  - track record in budget and financial management including the robustness of the medium term plans.
  - capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term consistent with the Medium Term Financial Plan.
  - The strength of the financial information and reporting arrangements. The authority should also be in a position to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed.
  - The adequacy of the authority's insurance arrangements to cover major unforeseen risks.
  - The general financial climate to which the authority is subject
  - Extent to which reserves are being used to pay for recurrent expenditure
  - Professional judgement

## **Year End Approval of Transfers from/to Earmarked Reserves**

- During the finalisation of the annual management accounts, requests are made by directorates, via their accountants, to utilise money held in reserves or, where possible, to transfer amounts to reserves to be utilised in future years, for specific purposes.
- All requests to transfer amounts from/to reserves have to be agreed and approved by the S151 Officer, who considers the impact these amounts will have on the overall sufficiency of reserves held by the Council.

- Any approval to transfer to earmarked reserves takes into account the urgency and need to carry forward sums for a future use in conjunction with the overall outturn position for the year.
- Where possible, additional transfers are made to reserves from corporate sources if the need to increase financial resilience exists.

### **Reporting Reserves**

- The total earmarked reserves balances projected to be held at the end of a financial year and in the medium term are disclosed in an appendix to the Budget proposals In February each year.
- Reserves are considered in conjunction with the Cabinet Member with responsibility for Finance.
- The final levels of earmarked reserves are disclosed in the annual Statement of Accounts. Detailed school's balances are shown on the Schools website.

This page is intentionally left blank

## Appendix 6 – Earmarked Reserves Balances 2016-17

	Balance 31 March 2016 Restated £000	Contributions		Balance 31 March 2017 £000
		From Revenue £000	To Revenue £000	
<b>SCHOOLS BALANCES</b>				
Schools Reserves	1,727	3,936	(1,421)	4,242
Cathays HS – Maintenance of Playing Field	3	0	0	3
Primary/Special Schools Repairs	(53)	320	(57)	210
	<b>1,677</b>	<b>4,256</b>	<b>(1,478)</b>	<b>4,455</b>
<b>SCHOOLS RESERVES</b>				
Out of School Childcare	119	9	(30)	98
Special Educational Needs Unit	102	0	(102)	0
Schools Catering	704	0	(242)	462
Schools Formula Funding	1,928	747	(1,104)	1,571
Schools Organisational Plan	8,123	6,813	(8,522)	6,414
	<b>10,976</b>	<b>7,569</b>	<b>(10,000)</b>	<b>8,545</b>
<b>OTHER EARMARKED RESERVES</b>				
Apprenticeship	427	772	(126)	1,073
Bereavement Services	43	257	(138)	162
Building Control Fee Earning	594	7	0	601
Bute Park Match Funding	203	0	(33)	170
Cardiff Academy Training	145	0	(48)	97
Cardiff Dogs' Home Legacy	118	0	(10)	108
Cardiff Enterprise Zone	3,515	1,421	(328)	4,608
Cardiff Insurance	5,784	560	0	6,344
Central Market Minor Works	42	1	0	43
Central Transport Service Vehicle	568	0	(202)	366
City Deal	113	243	(199)	157
City Wide Management and Initiatives	479	350	(379)	450
Community Based Transitional	474	0	(126)	348
Community Safety	81	0	(51)	30
Connect to Cardiff Refurbishment	10	0	0	10
Corporate Events and Cultural Services	680	201	(232)	649
Corporate Landlord Function	175	800	0	975
Discretionary Rate Relief	100	0	0	100
Emergency Management, Safeguarding and Prevent	212	23	(130)	105
Employee Changes	1,632	5,020	(1,097)	5,555
Energy Conservation	518	0	(284)	234
Energy/Carbon Reduction	450	0	0	450
Equal Pay	282	0	0	282
Flatholm	24	0	(24)	0
Fraud Detection	193	0	(53)	140
Harbour Authority	644	21	(186)	479
Highways Local Government Borrowing Initiative	1,047	0	(1,047)	0
Homes in Multiple Occupation - Licensing	63	0	(25)	38
Homelessness	1,552	0	(19)	1,533

	Balance 31 March 2016 Restated £000	Contributions		Balance 31 March 2017 £000
		From Revenue £000	To Revenue £000	
House Mortgage	29	0	0	29
Housing Options Centre	1,059	0	(136)	923
Housing Support	1,404	0	(99)	1,305
ICT Holding Account	784	128	(50)	862
Inspectorate Support	308	0	(13)	295
Integrated Partnership Strategy	31	0	0	31
Invest to Save	350	0	0	350
Joint Equipment Store	195	0	0	195
Kitchen Improvement	457	0	(125)	332
Legal Services	460	347	(200)	607
Libraries Book Fund	0	19	0	19
Local Lend a Hand Mortgage Scheme	177	45	0	222
Local Plan	98	1	0	99
Major Projects	1,221	150	(20)	1,351
Members Development	81	31	0	112
MMI Insurance	589	578	0	1,167
Municipal Election	599	133	(38)	694
Non-Domestic Rates Due Diligence	60	0	0	60
Organisational Development Programme	1,277	524	(759)	1,042
Parking & Enforcement	370	5,469	(5,489)	350
Projects, Design & Development	137	0	0	137
Public Service Board Initiative	46		(23)	23
Property Asset Management	129	116	(89)	156
Registration Service Improvement	46	0	0	46
Resources	1,480	783	(396)	1,867
Scrutiny Development & Training	82	0	0	82
Shared Regulatory Service	0	243	(128)	115
Social Care Technology	761	0	(52)	709
Strategic Budget	0	2,532	0	2,532
Waste Management/Prosiect Gwyrdd	2,570	522	(1,267)	1,825
Welfare Reform	3,407	276	(889)	2,794
Workshops Asset Maintenance	12	127	0	139
Youth and Community Education	449	53	(138)	364
	38,836	21,753	(14,648)	45,941
<b>CARDIFF'S SHARE OF RESERVES OF JOINT COMMITTEES</b>				
Central South Consortium	142	12	0	154
Cardiff Capital Region City Deal*	0	54	0	54
Glamorgan Archives	97	0	(13)	84
Prosiect Gwyrdd	61	5	0	66
Regional Adoption Service	50	0	(22)	28
Shared Regulatory Service	387	0	(323)	64
	737	71	(358)	450
<b>Total Council Fund Reserves</b>	<b>52,226</b>	<b>33,649</b>	<b>(26,484)</b>	<b>59,391</b>



	Balance 31 March 2016 Restated £000	Contributions		Balance 31 March 2017 £000
		From Revenue £000	To Revenue £000	
<b>HRA RESERVES</b>				
Repairs & Building Maintenance Services	516	500	0	1,016
Development & Acquisition	0	2,582	0	2,582
IT Reserve	238	0	0	238
Tackling Overcrowding	200	0	0	200
Welfare Reform Reserve	0	50	0	50
<b>Total HRA Reserves</b>	<b>954</b>	<b>3,132</b>	<b>0</b>	<b>4,086</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>53,180</b>	<b>36,781</b>	<b>(26,484)</b>	<b>63,477</b>

This page is intentionally left blank

# CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD



**AUDIT COMMITTEE: 28 November 2017**

## **CORPORATE RISK MANAGEMENT - QUARTER 2 2017/18**

### **REPORT OF CORPORATE DIRECTOR RESOURCES      AGENDA ITEM: 6.1**

1. To update Audit Committee on the risk management position at quarter 2 2017/18.
2. The Audit Committee's Terms of Reference sets out their responsibility:
  - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
  - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

#### **Background**

3. Audit Committee receives a risk management update each financial quarter, and an opportunity to raise comments. The last Audit Committee review was on 18 September 2017, at which time the risk management position at quarter 1 2017/18 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR), and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. SMT determine if any changes are required to the CRR each quarter as a result of this reporting process. The remaining escalated risks continue to be held on DRRs and reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

#### **Issues**

7. Each Director has worked with their Risk Champion(s) to undertake their quarter 2 risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter 2 risk assessments are presented on the Corporate Risk Map (Appendix A), the Summary CRR (Appendix B) and the Detailed CRR (Appendix C).
8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter 2 are detailed as follows.

## Directorate Risks

9. At the quarter 2 position, 369 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 31 October and 14 November 2017.
10. It was approved that 15 directorate risks would be carried forward as SMT escalated risks at quarter 2.

Directorate	Resources	City Operations	Communities, Housing & Customer Services	Economic Development	Education & Lifelong Learning	Social Services	Governance & Legal Services
Directorate Risks	133	42	58	92	20	16	8
Risks at SMT Escalation Point	5	1	1 (shared)	3 (inc.1 shared)	4	1	1

## Corporate Risks

11. SMT collectively reviewed each escalated risk, in consideration of the nature of each risk and the potential impact on the organisation and its corporate objectives. From this review an escalated risk on 'Air Quality' was added to the CRR.
12. **Air Quality** - Senior Management recognised that poor air quality is the most significant environmental determinant of health, for which the Council will progress its responsibility to address this issue through a strategic and collaborative approach to identifying and implementing appropriate and sufficient mitigating measures.
13. The Senior Management review of existing corporate risks resulted in one 'red' risk being extended in scope, and reductions in the residual risk scores for two further 'red' risks.
14. **City Security** – Senior Management discussed the holistic security strategy for the city which is being developed through the city's CONTEST partnership mechanisms. It was recognised that the corporate risk register required an update in focus to extend the perspective of the city's security beyond hostile vehicle mitigation (HVM). The revised risk on City Security, was approved, to measure and provide assurance on the range of security measures, including the continuing development and agglomeration of the city's CCTV and the deployment of new technological solutions.
15. **Social Services Provision** - The risk has been reduced from 'B2' to 'C1' in recognition of good progress with the Institute of Public Care. Whilst there are external factors which limit the extent to which demand, quality and choice of the social services provision can be controlled, a number of mechanisms are in place to promote independence, deliver preventative services, manage demand and enhance the overall service provision. There are additional risk-based actions to build resilience, including:
  - i. Implementing a strategic review facilitated by the Institute of Public Care with a view to agreeing a 3-5 year Financial Strategy for adult social care;
  - ii. Developing and delivering an inter-agency, City-Wide preventative strategy for children.
16. **Information Governance** - The risk has been reduced from 'B1' to 'C1' to account for the progress made in preparing for the implementation of the General Data Protection Regulation (GDPR) from May 2018. The Council is robust in assessing compliance and

risk around information governance. It has processes in place to provide confidence that personal information is handled, stored, processed and destroyed in line with current and future legal requirements, whilst ensuring that the rights of individuals to access their information are upheld. Risk-based priorities include:

- i. Delivering a 'One Council Approach' for information requests;
- ii. Completing the GDPR Implementation Plan;
- iii. Targeting 100% compliance with information governance training.

### **Risk Management Development**

17. The quarter 2 senior management review involved a wider strategic focus and discussion on risk appetite and risk tolerance to inform the extent and urgency of risk-based actions and targets. Underpinning the strategic discussion was the Corporate Risk Management Policy and Strategy which is currently being reviewed.
18. The focus of the new Corporate Risk Management Policy and Strategy will be to deliver a framework through which decision makers are aware of their responsibilities and are supported in delivering organisational change over the medium and long term. The Corporate Risk Management Policy and Strategy will include a risk appetite designed to enable the delivery of effective innovation and change, through effective stewardship and governance arrangements.
19. The approach seeks to embed the Council's risk aware philosophy into organisational actions, activities and thinking. Audit Committee will have an opportunity to comment on the Draft Corporate Risk Management Policy and Strategy in January 2018.

### **Reason for recommendation**

20. To enable the Audit Committee to monitor risk management arrangements, and consider the Risk Management Review - Quarter 2 2017.18.

### **Legal Implications**

21. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and consequently successful claims against the Council may be avoided altogether, or reduced.

### **Financial Implications**

22. There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

### **Recommendation**

23. Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given in the programming of its work.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**

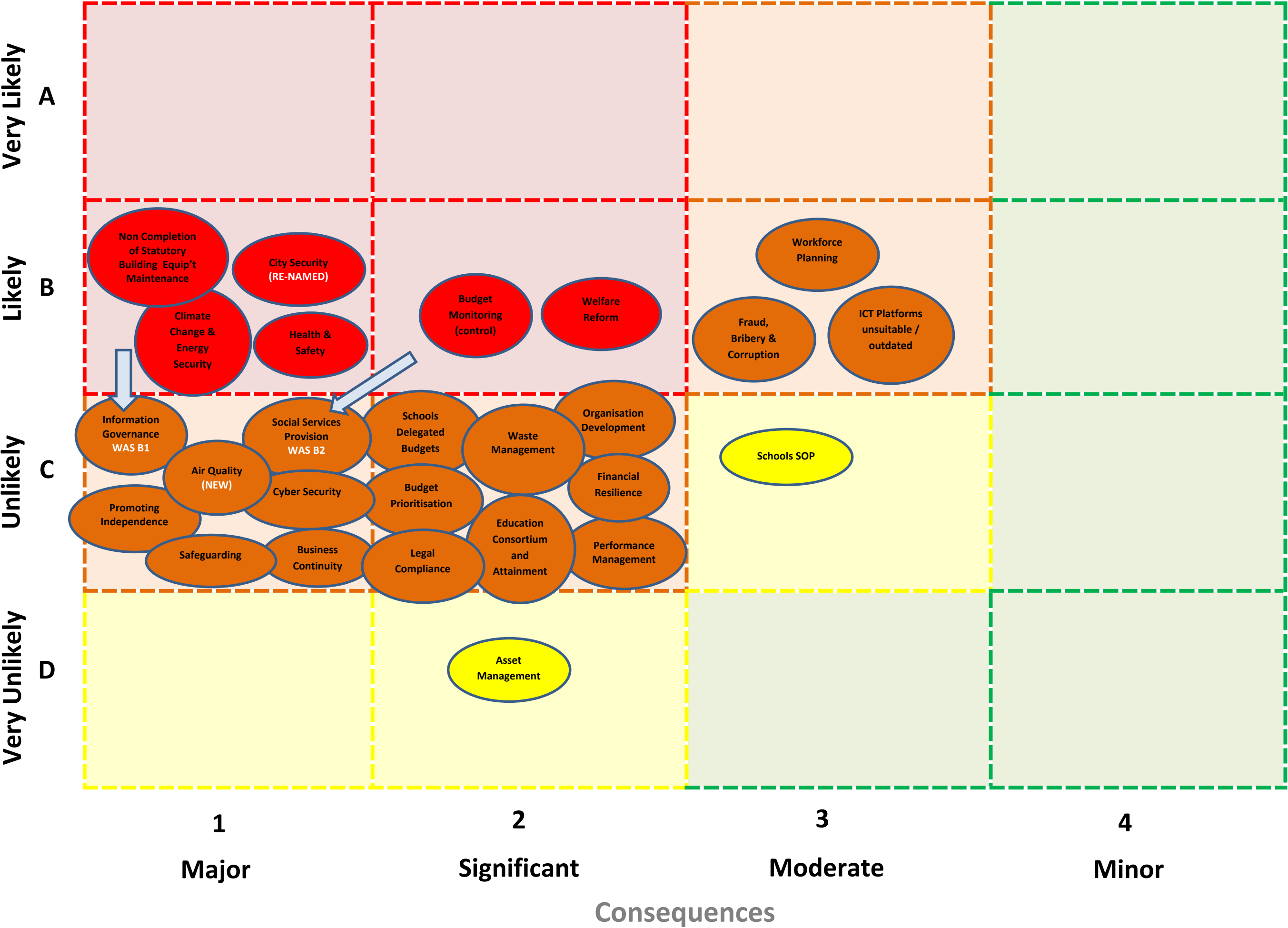
The following Appendices are attached:

<b>Appendix A</b> - Corporate Risk Map	- Q2 2017/18
<b>Appendix B</b> - Summary Corporate Risk Register	- Q2 2017/18
<b>Appendix C</b> - Detailed Corporate Risk Register	- Q2 2017/18

Corporate Risk Register – 2017/18 (Quarter 2 Position)

APPENDIX A

Page 53



This page is intentionally left blank



Risk Description	Inherent Risk	Residual Risk	Risk Owner	Cabinet Member
EVENT DRIVEN RISKS				
<p><b><u>City Security</u></b></p> <p>Major security-related incident in the city as a result of international or domestic terrorism</p>	High Priority A1	High Priority B1	Andrew Gregory	Councillor Caro Wild Strategic Planning & Transport.
<p><b><u>Welfare Reform</u></b></p> <p>That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap, size restrictions for social tenants, restriction of social housing rents to LHA levels, removal of automatic entitlement to housing costs for under 21s. Lack of information, short timescales for implementation and the large number of citizens affected makes these changes a significant risk.</p>	High Priority A2	High Priority B2	Sarah McGill (Jane Thomas)	Councillor Lynda Thorne Housing & Communities.
<p><b><u>Cyber Security</u></b></p> <p>The ability to protect information systems (hardware, software and associated infrastructure), the data on them, and the services they provide, from unauthorised access, harm or misuse. This includes harm caused by the operator of the system (intentionally or accidentally) as a result of failing to follow security processes.</p> <p>The principal external threat groups to information systems are categorised by HM Government as cyber criminals, states and state-sponsored, terrorists, hackers and script kiddies.</p>	High Priority A1	Medium Priority C1 (Red/ Amber)	Christine Salter (Phil Bear)	Councillor Christopher Weaver Finance Modernisation and Performance
<p><b><u>Waste Management</u></b></p> <p>Failure to achieve targets for Landfill. '0' allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment. Failure to comply with EU recycling waste directive.</p>	High Priority B1	Medium Priority (Red/Amber) C2	Neil Hanratty	Councillor Michael Michael Clean Streets, Recycling and Environment.
<p><b><u>Education – Schools - SOP</u></b></p> <p>Large scale Capital Programme (£164m) with tight timescales for delivery, in context of very rapidly growing primary age school population.</p>	High Priority B1	Medium Priority (Amber/ Green) C3	Nick Batchelar (Janine Nightingale)	Councillor Sarah Merry Deputy Leader & Education, Employment & Skills
<p><b><u>Business Continuity</u></b></p> <p>Large scale incident/loss affecting the delivery of services.</p> <p>The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident mangement structure, used in response to internal incidents and external emergencies, also fails in response to an incident.</p>	High Priority B1	Medium Priority (Red/Amber) C1	Christine Salter	Councillor Huw Thomas Leader
ONGOING RISKS				
<p><b><u>Non completion of Statutory Building Equipment maintenance</u></b></p> <p>Currently statutory obligations testing is not organised in a consistent and centrally managed process across the Council, partly due to a lack of understanding om who is responsible for arranging the testing and any remedial works identified. As a result there is a risk that all required testing/remedial works may not be undertaken and completed correctly. Also, a complete up-to-date accurate register of all statutory obligations testing requirements does not exist. Furthermore, there is no embedded technology in use consistently to manage the statutory obligations work or the storing of relevant statutory obligation documentation.</p>	High Priority A1	High Priority B1	Neil Hanratty (Tara King)	Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Air Quality</u></b></p> <p>Poor air quality is the most significant environmental determinant of health.</p> <p>UK Government has placed the improvement of Air Quality very high on their agenda and it has been made clear that they consider the responsibility for addressing the issue is at the door of Local Authorities.</p> <p>There is a need to secure funding:</p> <ul style="list-style-type: none"><li>to undertake full feasibility study of shortlisted improvement measures.</li><li>for the implementation and management of mitigating actions.</li></ul>	High Priority A1	Medium Priority (Red/Amber) C1	Andrew Gregory (Gary Brown)	Councillor Michael Michael Clean Streets, Recycling and Environment.
<p><b><u>Education Consortium &amp; Attainment</u></b></p> <p>The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve and Educational Attainment does not improve at the required rate.</p>	High Priority B1	Medium Priority (Red/Amber) C2	Nick Batchelar (Angela Kent)	Councillor Sarah Merry, Deputy Leader & Education, Employment & Skills
<p><b><u>ICT Platforms Unsuitable/ Outdated</u></b></p> <p>The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.</p>	High Priority A2	Medium Priority (Red/Amber) B3	Christine Salter (Phil Bear)	Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Safeguarding</u></b></p> <p>Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.</p> <p>.</p>	High Priority B1	Medium Priority (Red/Amber) C1	Tony Young & Davina Fiore	Councillor Susan Elsmore Social Care, Health & Well-being  Councillor Graham Hinchey Children & Families.  Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Budget prioritisation</u></b></p> <p>Failure to deliver the statutory obligation of setting a balanced annual budget and a fully informed Medium Term Financial Plan which takes into account statutory budget planning obligations (compounded by the risk of only receiving annual settlement figures from the Welsh Government).</p>	High Priority A1	Medium Priority (Red/Amber) C2	Christine Salter (Ian Allwood)	Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Financial Resilience</u></b></p> <p>The Financial resilience of the Council over the medium term is significantly weakened so that it is financially unable to discharge its statutory obligations and services to the citizens of Cardiff.</p>	High Priority A1	Medium Priority (Red/Amber) C2	Christine Salter (Ian Allwood)	Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Budget Monitoring (Control)</u></b></p> <p>Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the drawdown of reserves.</p>	High Priority A1	High Priority B2	Christine Salter (Allan Evans)	Councillor Christopher Weaver Finance Modernisation and Performance.
<p><b><u>Health and Safety</u></b></p> <p>Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.</p>	High Priority A1	High Priority B1	Christine Salter (Donna Jones)	Councillor Christopher Weaver Finance Modernisation and Performance.

Risk Description	Inherent Risk	Residual Risk	Risk Owner	Cabinet Member
<b><u>Climate Change &amp; Energy Security</u></b>  Un-preparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.	High Priority B1	High Priority B1	Andrew Gregory	<b>Councillor Michael Michael</b> Clean Streets, Recycling and Environment.
<b><u>Information Governance</u></b>  Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.	High Priority A1	Medium Priority (Red/Amber) C1	Christine Salter (Vivienne Pearson)	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance..
<b><u>Social Services – Provision</u></b>  Failure to provide robust and adequate social services in the context of increasing costs and limited resources.	High Priority B1	Medium Priority (Red/Amber) C1	Tony Young	<b>Councillor Susan Elsmore</b> Social Care, Health & Well-being  <b>Councillor Graham Hinchey</b> , Children & Families
<b><u>Promoting Independence</u></b>  Failure to sustain an effective whole system approach that enables adults with significant health needs to remain in, or return to, their own homes and reduces the need for / length of hospital stays.	High Priority B1	Medium Priority (Red/Amber) C1	Tony Young	<b>Councillor Susan Elsmore</b> Social Care, Health & Well-being
<b><u>Performance Management</u></b>  A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements.	High Priority B2	Medium Priority (Red/Amber) C2	Christine Salter (Joe Reay)	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance.
<b><u>Organisation Development</u></b>  OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.	High Priority B1	Medium Priority (Red/Amber) C2	Christine Salter (Dean Thomas)	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance.
<b><u>Legal Compliance</u></b>  Changes in services and staff roles across the Council resulting in:  - gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate; - inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:  In each case leading to increased risk of challenges.  Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.	High Priority B2	Medium Priority (Red/Amber) C2	Davina Fiore	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance.
<b><u>Education – Schools Delegated Budgets</u></b>  Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.	High Priority A2	Medium Priority (Red/Amber) C2	Nick Batchelar (Neil Hardee)	<b>Councillor Sarah Merry</b> Deputy Leader & Education, Employment & Skills
<b><u>Fraud, Bribery and Corruption</u></b>  Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.	High Priority B2	Medium Priority (Red/Amber) B3	Christine Salter (Ian Allwood)	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance.
<b><u>Asset Management</u></b>  Ensure effective operation of the Council's Asset Management Board to achieve effective strategic oversight and identified savings.	High Priority B2	Medium Priority (Amber/Green) D2	Neil Hanratty	<b>Councillor Russell Goodway</b> , Investment & Development
<b><u>Workforce Planning</u></b>  Importance of forecasting and planning to build capability and capacity for the future is not fully recognised and embedded.	Medium Priority (Red/Amber) B2	Medium Priority (Red/Amber) B3	Christine Salter (Philip Lenz)	<b>Councillor Christopher Weaver</b> Finance Modernisation and Performance.

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
EVENT DRIVEN RISKS										
<p><b>City Security</b></p> <p>Major security-related incident in the city as a result of international or domestic terrorism.</p>	<p>Service Delivery / Reputation / Legal / Financial / Health &amp; Safety / Financial / Partnership / Community &amp; Environment / Stakeholders</p> <p>Potential for:</p> <ul style="list-style-type: none"><li>Large numbers of fatalities, injuries to public in crowded place.</li><li>Extensive structural damage and/or collapse of surrounding buildings.</li><li>Major fire.</li><li>Damage/disruption to utilities (gas, electricity, water etc.)</li><li>Immediate impact to businesses in the Cardiff area.</li><li>Media coverage affecting public perception, leading to a loss of public confidence directly resulting in reduced business, retail and tourism revenues generated in the city.</li><li>Area to be viewed as a risk for potential future business investment.</li><li>Inability to attract major future national and international events (political, sporting etc.)</li><li>Increase in demand for council services/support for all affected.</li><li>Current economic climate to reduce the effectiveness of any recovery/regeneration of the area.</li></ul>	A	1	High Priority	<ul style="list-style-type: none"><li>All existing identified high risk; crowded places have been formally assessed.</li><li>Some crowded places have an extremely limited and in some cases 'third party managed' access control process to operate them; providing little/no challenge.</li><li>Crowded places have varying standards of boundary treatments protecting them; providing a limited/cursory visual deterrent but little/no protection from a hostile vehicle.</li><li>CONTEST Protect/Prepare Task &amp; Finish Group maintains the City Gateways Public Realm Enhancement Scheme, with agreed options for suitable PAS 68/69 mitigation for appropriate boundary locations; referred to as 'gateways'.</li><li>19 (38%) of the identified 'gateways' into the crowded places already benefit from PAS 68/69 mitigation in place, implemented as a direct result of Home Office (Crowded Places) and Olympic Legacy funding.</li><li>The estimated cost for the procurement and installation of the PAS 68/69 mitigation and ancillary services is £3.6 Million.</li><li>Work is ongoing with City Operations to advise developers across the city in relation to appropriate mitigation required.</li><li>The Cardiff City Centre Access Control Protocol is currently operating at the heightened response level, reflecting the UK National Threat Level; permitting vehicles onto the pedestrianised areas within Cardiff City Centre using strict parameters.</li><li>The Tabernacle Access Control Document is fully operational and sits and as an annex document to the main City Centre Access Control Protocol. It enables the Urban Traffic Control Officers to better manage Tabernacle 'users', covering their requirements whilst adhering to the existing Traffic Regulation Order.</li><li>Wales Extremism and Counter Terrorism Unit (WECTU) Counter Terrorist Security Advisor's (CTSA's), the Emergency Services &amp; Cardiff Council provide Project Argus and EVAC/Griffin training across the city to raise awareness for likely impacts associated with major incidents and in particular, terrorist attacks. The sessions also cover the support likely to be immediately available from the emergency services and Cardiff Council, the practical and simple preparations people/organisations can make prior to incident occurring to help themselves manage and recover from its impacts.</li><li>As the above shows, the work done in the city to address security concerns has been predominantly focused on the provision of physical assets to mitigate against the threat of hostile vehicles. Although this area remains important, a more holistic approach is needed to develop the city's response to and management of a wider range of potential threats.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>The CONTEST Protect/Prepare Group will continue to monitor and review the city's Hostile Vehicle Mitigation scheme to ensure it is fit for purpose until it is fully installed.</li><li>The CONTEST Protect/Prepare Group will give a status report to the Cardiff CONTEST Board</li><li>The CONTEST Board will continue to try identify external funding sources/opportunities from Welsh Government and UK Central Government to conclude scheme and appropriately mitigate the risk.</li><li>£1m of work to enhance the city's HVM scheme (match-funded by Welsh Government and Cardiff Council) to be completed Spring 2018</li><li>The work that will be completed will improve the protection of the City Centre public realm but further funding will be required to conclude the protection of identified public realm.</li><li>Radar and topographical surveys of the sites has been undertaken and work is progressing on detailed design for procuring work. NEC Option A contact is preferred mechanism so contractor manages work with utilities.</li><li>A holistic security strategy for the city is being developed through the city's CONTEST partnership mechanisms. This strategy will extend the perspective of the city's security beyond hostile vehicle mitigation to incorporate a range of security measures, including the continuing development and agglomeration of the city's CCTV and the deployment of new technological solutions</li><li>Once the strategy has been completed it will provide a suite of costed business cases that will allow the continued incremental development of the city's security provision</li><li>This in turn will allow partners to be more responsive to emerging funding opportunities</li></ul>	<p>Andrew Gregory</p> <p>Councillor Caro Wild, Strategic Planning &amp; Transport.</p>
<p><b>Welfare Reform</b></p> <p>That the Council cannot meet its statutory obligations with the increased demands and reduced budgets placed upon it by the Welfare Reform including: Universal Credit, further reduction in Benefit Cap, size restrictions for social tenants, restriction of social housing rents to LHA levels, removal of automatic entitlement to housing costs for under 21s. Lack of information, short timescales for implementation and the large number of citizens affected makes these changes a significant risk.</p>	<ul style="list-style-type: none"><li>Private landlords stop renting to benefit claimants</li><li>Social housing rents become unaffordable to some claimants, in particular those under 35 and with large families.</li><li>Increased homelessness and demand for temporary accommodation</li><li>Increased rent arrears, increased evictions</li><li>Redeployment / Severance for 140 benefits staff</li><li>Changing demands on Council stock resulting in increased voids and/or undersupply of smaller properties.</li><li>Barriers to building additional affordable housing</li><li>Supported accommodation becomes unaffordable impacting on social services and vulnerable homeless clients.</li></ul>	A	2	High Priority	<ul style="list-style-type: none"><li>Communities staff continue to work closely with private landlords and advice agencies to mitigate wherever possible the reduction in benefit.</li><li>Discretionary Housing payments are being used to top up the benefit claims of those most affected by the changes and to pay rent in advance and bonds to help tenants to move accommodation where necessary.</li><li>Timely information is being given to claimants to help them respond to the changes.</li><li>A streamlined process is in place for re-housing tenants who need to downsize as a result of the social housing size restrictions. DHP is being used to pay removal costs and to cover shortfall while tenants are waiting to move.</li><li>A new Welfare Liaison team has been created within the housing service to assist tenants affected by the changes. Work has been carried out to identify those affected by the reduced Benefit Cap and to advise them accordingly and to identify the most vulnerable families and award DHP.</li><li>Universal Credit has commenced in Cardiff, still fairly small numbers at present. The scheme has been changed to include more information sharing for landlords and this should offset some of the risk. The council is providing face to face services on behalf of the DWP including digital inclusion and budgeting advice, these services are greatly in demand.</li><li>The implications of the restriction of social housing rents to LHA rate are being considered in partnership with RSLs and options for providing shared / low cost housing are being considered. Work is ongoing to review supported housing schemes and prioritise this ahead of the changes.</li><li>The Advice Hub in Central Library is providing comprehensive advice services for those affected by Welfare Reform.</li><li>The Tackling Poverty Group and subgroups are working well in coordinating multi-agency activity and developing appropriate interventions during a difficult transition period for many people affected.</li><li>Briefings continue to be provided to Members on Welfare Reform and further information is sent as appropriate.</li><li>Digital inclusion training and banking support has been successfully implemented and will continue to be monitored.</li><li>Into Work Services are providing services across the city and helping people get back to work with particular focus on those families affected by the benefit cap.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>Additional resource has been agreed for supporting council tenants with the Universal Credit changes, staff have been recruited to assist with this and the new team is working well. Funding has recently been provided to provide Advice and Into Work services in food bank and other community locations where hard to reach individuals attend.</li><li>Work has been undertaken to cost the potential risks of Universal Credit and this will continue to be updated as the more information is known.</li><li>Working groups are ongoing to support social tenants affected by ongoing Benefit Caps, involving RSLs, children's services, families first and a range of other partners who may be able to help support these families.</li><li>Regular meetings are held with social housing providers to monitor and improve processes.</li><li>DHP spend is being monitored carefully. Expenditure for 17/18 will focusing on the most vulnerable individuals or helping people with the transition into work.</li><li>The impact of the changes to rent levels for under 35 is currently under review with all social landlords considering how they can contribute to a solution to this issue. At present all are continuing to house young applicants as normal.</li><li>Full implications of the removal of automatic entitlement for under 21s is not yet known and further work will be undertaken to understand this further.</li><li>Sub group set up to consider the impact of changes on Supported and temporary accommodation.</li></ul>	<p>Sarah McGill</p> <p>(Jane Thomas)</p> <p>Councillor Lynda Thorne, Housing &amp; Communities.</p>



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p><b>Cyber Security</b></p> <p>The ability to protect information systems (hardware, software and associated infrastructure), the data on them, and the services they provide, from unauthorised access, harm or misuse. This includes harm caused by the operator of the system (intentionally or accidentally) as a result of failing to follow security processes.</p> <p>The principal external threat groups to information systems are categorised by HM Government as cyber criminals, states and state-sponsored, terrorists, hacktivists and script kiddies.</p>	<p>Reputational / Legal / Financial / Stakeholder / Service Delivery / Health &amp; safety</p> <p>The intent of cyber attackers includes, but is not limited to:</p> <ul style="list-style-type: none"><li>financial fraud;</li><li>information theft or misuse,</li><li>activist causes to render computer systems intolerable and to disrupt critical infrastructure and vital services.</li></ul> <p>The impact of a cyber-attack / incident has the potential to involve the realisation of the risks associated with:</p> <ul style="list-style-type: none"><li>An information governance breach (i.e. Stop Now Order, Information Notice, Enforcement Notice, Financial Penalty etc.)</li><li>A business continuity incident – with a potential for major loss of service and legal, health and safety and financial implications.</li><li>A financial / fraud related attack.</li></ul> <p>A malicious attack could result in loss of confidence from those transacting with the Council (reputation), as well as legal, asset, system, operational and financial implications.</p>	A	1	High Priority	<ul style="list-style-type: none"><li>A cyber security maturity assessment is regularly reviewed against 11 risk factors following the National Cyber Security Centre approach (based on network security, user education and awareness, malware prevention, removable media controls, secure configuration, privileged accounts, incident management, monitoring, home and mobile working policy, risk management regime and corporate cloud security).</li><li>The maturity self-assessment concludes that the Council has:<ul style="list-style-type: none"><li>strong malware prevention, user privileges and home and mobile working controls.</li><li>adequate / mature risk management regime, network security, user education and awareness, removable media controls and incident management.</li><li>a need for senior management team (SMT) to collectively assess the effectiveness of secure configuration, monitoring and corporate cloud security controls.</li></ul></li><li>The cyber security maturity assessment underpins this summary corporate risk and regular monitoring has commenced to drive risk-based prioritisation and actions.</li><li>Escalated risks to SMT around secure configuration, monitoring and corporate cloud security controls to SMT and support for improvements agreed at the meeting.</li><li>Risks monitored and escalated via Information Security Board as well as directorate management meetings and Senior Management Team (SMT)</li><li>As part of improving user education and awareness Information Asset Owners receive compliance reports relating to Bob's Business Data Protection training</li><li>Privacy Impact Assessments which include Cloud Impact Assessments are in place</li></ul>	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>ICT and Information Governance (IG) Teams to continue to liaise with FM for physical security assurances and to promote an incident reporting culture.</li><li>To enhance user education and awareness:<ul style="list-style-type: none"><li>Data Security Incident Policy to be communicated via Core Brief in Q3 17/18.</li><li>Information Governance Seminars will be held for each Directorate during Q3 and Q4 2017/18.</li></ul></li><li>To ensure strong ICT security, monitoring and cloud security controls:<ul style="list-style-type: none"><li>ICT lifecycle and notification targets are being monitored and managed through the 'ICT Platforms' risk actions.</li><li>Collaboration between ICT and IG to develop and map current ICT system providers in phased development of an Information Asset Register.</li><li>Privacy Impact Assessment / Cloud Impact Assessments to be reviewed to ensure compliance with the requirements of the General Data Protection Regulation (GDPR) Action Plan being managed by the Information Governance Team.</li><li>Governance and management requirements to be formalised for periodic and systematic review of all ICT systems.</li><li>SIRO to review / consider Cloud Infrastructure to ensure:<ul style="list-style-type: none"><li>Effective governance and management.</li><li>Resource, risk appetite and outcomes required.</li><li>Education of business systems owners in risk and management of cloud based services.</li></ul></li></ul></li></ul>	<p><b>Christine Salter</b></p> <p><b>(Phil Bear)</b></p> <p><b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b></p>
<p><b>Waste Management</b></p> <p>Failure to achieve targets for Landfill. '0' allowance, specifically for Biodegradable Municipal Waste and WG statutory Recycling Targets. Ineffective delivery of recycling targets and residual waste treatment. Failure to comply with EU recycling waste directive.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Environmental / Community</p> <ul style="list-style-type: none"><li>Significant financial penalties for failure at up to £200/tonne or incorrectly capture tonnage data.</li><li>Procure disposal elsewhere with additional costs.</li><li>Reputation damage</li><li>Increased costs of landfill and alternative treatment markets</li><li>Risk to grant funding (currently £6.9m 2016/17), potential in year cuts, future year grant reductions and changing terms and conditions</li><li>No MTFP for future grant funds or capital confirmed by WG</li><li>Reducing Grants; reducing worldwide market values for recyclates; market collapse for recycling outlets</li><li>Risk of legal challenge</li><li>The risk of fines remains high due to seasonality of recycling performance and green waste which could lead to a status quo in recycling performance or at worse a drop in performance.</li><li>The targets for statutory recycling in 2016/17 was 58% rising to 64% by 2019/20, therefore, the risk rating remains high.</li><li>Waste growth and commercial expansion remains a challenge as it brings in new residual waste.</li><li>A high risk remains in the materials market where fluctuations are influenced by world-wide pricing which is affecting the volume of material recycled.</li></ul>	B	1	High Priority	<p><b>Policies / Strategy</b></p> <ul style="list-style-type: none"><li>Previous updates contain the policy position improvements between 2008/2015.</li><li>Waste Management Strategy 2011/2016 was approved on 13th January 2011 and was revised and approved in April 2015. Keys aspects continue to be implemented from the strategy.</li><li>Several progress reports have been made to Cabinet and Environmental Scrutiny in that period.</li><li>Monthly performance tracking of recycling has been established to help predict the end of year position.</li><li>Steps taken to improve MRF processing rates means less waste to treatment.</li><li>Commercial recycling centre opened March 2014, its performance is increasing with more commercial HWRC being identified. Growing the customer base continues.</li><li>Focus on pre-sort on the HWRCs is showing improvements in site recycling. Target of 80% recycling and reuse.</li><li>The outline waste strategy has been approved by Cabinet April 2015. The first phase of reducing residual waste capacity to force higher dry recycling and food and green waste recycling was completed in 2015/16. The Flats/ HMOs Strategy to improve waste and recycling collections from flats is designed to enable greater recycling and food waste from hard to capture areas, was implemented in 2016/17. This included a business case on current recycling methods.</li><li>The sweepings contract is secured and operating.</li><li>Seasonal hours changes and proof of residency at the HWRCs has resulted in tonnage reductions and savings from not processing non Cardiff waste and recycling.</li><li>The first phase of the Waste Management strategy was delivered in December 2016, which was the free reuse and recycling bulky collection service.</li><li>Restrictions to Cardiff domestic householders for residual waste through the introduction of 140 litre bins have reduced residual waste tonnage profiles in 2016/17.</li></ul> <p><b>Risk of Fines</b></p> <ul style="list-style-type: none"><li>The risk of failing the biodegradable limits to landfill has been significantly minimised due to the current treatment and disposal routes.</li><li>Secondary recycling is being carried out on residual waste to increase recycling rates.</li></ul> <p><b>Contracts / Projects</b></p> <ul style="list-style-type: none"><li>Several Contracts have been put in place for additional materials to be recycled</li></ul>	C	2	Medium Priority (Red/Amber)	<p><b>Policy / Strategy</b></p> <ul style="list-style-type: none"><li>Explore reuse partner(s) as market test and initial procurement was not successful, work is ongoing to secure a partner(s). Working with other Local Authorities to explore TEEP business cases and/or exploring joint working options.</li><li>Delays have been experienced in the HWRCs changes, which will reduce the recycling potential and waste minimisation activities that were planned for 2016/17 onwards.</li><li>An in year review of the HWRC facilities strategy has commenced. Operational testing of Lamby Way is underway with the official launch planned for 18th July.</li></ul> <p><b>Risk of Fines</b></p> <ul style="list-style-type: none"><li>Ensure correct recording of waste tonnages from Neighbourhood Services to ensure exclusion of Non MSW waste that was not previously counted towards the targets.</li></ul> <p><b>Contracts / Projects</b></p> <ul style="list-style-type: none"><li>Driving trials for the new In-Cab tachograph have commenced. Implementation and training will be rolled out across the Service.</li></ul> <p><b>Prosiect Gwyrd</b></p> <ul style="list-style-type: none"><li>Continued management of the contract to ensure treatment and diversion of residual waste in line with the contracted positions.</li><li>Working in partnership with Viridor to ensure appropriate wastes are presented for treatment, to reduce rejects and increase recycling.</li></ul> <p><b>Cardiff Organic Waste Treatment Contract</b></p> <ul style="list-style-type: none"><li>Continued management of the contract to ensure treatment and diversion of residual waste in line with the contracted positions.</li><li>Working in partnership with Kelda to reduce levels of contamination and ensure appropriate wastes are presented for treatment, to reduce rejects from the process and for other wastes to be recycled by the appropriate routes.</li></ul>	<p><b>Neil Hanratty</b></p> <p><b>Councillor Michael Michael, Clean Streets, Recycling and Environment.</b></p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					<p>from the HWRC's.</p> <ul style="list-style-type: none"><li>Interim contract in place for disposal of biodegradable green/food waste</li><li>Aggregate recycling is now in place.</li><li>Recycling litter bins are in place in the city centre.</li><li>New initiatives such a charging for bulky waste, commercial recycling centre, sweepings, mattress and carpet recycling schemes are all underway.</li><li>New HWRC delivery model is underway.</li><li>New free reuse and recycling bulky collection services strategy 2016.</li><li>New markets for mattresses have been tendered and awarded in 2016/17.</li><li>Contract now in place for new materials at Lamby Way and Bessemer Close HWRCs e.g., carpets, tyres and UPVC widows.</li><li>Recycling Waste Management focus on pre-sort high quality recycling and removing the reliance on post sorting of waste.</li></ul> <p><b>Prosiect Gwyrdd</b></p> <ul style="list-style-type: none"><li>Financial Close occurred December 2013 Viridor are the appointed contractor which commenced Sept 2015. Removes risk of failing biodegradable waste limit to landfill.</li></ul> <p><b>Cardiff Organic Waste Treatment Project</b></p> <ul style="list-style-type: none"><li>The procurement of a processing contract and facility for food and green waste was completed for both Cardiff and the Vale of Glamorgan, with Kelda Organic Energy being appointed contractor. Full Service Commencement was achieved 1st April 2017, providing sustainable diversion of organic waste from landfill.</li></ul> <p><b>Household &amp; Commercial Waste Collections</b></p> <ul style="list-style-type: none"><li>Implemented changes to household waste collections to align service with the WG recycling blueprint e.g., smaller fortnightly black waste collection (with accompanying hygiene services) and weekly food and dry recycling and fortnightly green waste.</li><li>Commercial waste operations have refined the marketing package for recycling in the commercial sector to increase recycling from commercial waste collected by the Waste Collection Authority that is included in the total MSW (and therefore relevant to statutory targets).</li></ul> <p><b>Collaboration work</b></p> <ul style="list-style-type: none"><li>Working and engaging with Welsh Government on legal and policy changes.</li></ul>				<p><b>Household &amp; Commercial Waste Collections</b></p> <ul style="list-style-type: none"><li>Set and achieve new commercial recycling opportunities for new materials and new income opportunities – targeting commercial food collections and schools.</li><li>National government discussions are underway regarding co-mingled recycling issue. Modelling has been undertaken on the best option for Cardiff and concluded a twin steam is the best option. Further steps will be developed to assure compliance with WG blue print.</li></ul> <p><b>MRF</b></p> <ul style="list-style-type: none"><li>Complete procurement and installation of Auto Sorter for mixed plastics and fibre products e.g. paper and cardboard. Contract awarded. Installation looking to take place by January 2018.</li><li>Develop business case for kerbside collections of separated glass and report to Cabinet.</li><li>Arranged for Glass trial to reduce our current cost per tonne. The glass trial recycling yield was &gt; 70% which represents better value to the authority as currently paying £60 per tonne with a 65% recycling yield.</li></ul>	
<p><b>Education – Schools - SOP</b></p> <p>Large scale Capital Programme (£164m) with tight timescales for delivery, in context of very rapidly growing primary age school population.</p>	<p>Reputational / Legal / Financial / Social / Stakeholder / Health &amp; safety.</p> <ul style="list-style-type: none"><li>Insufficient primary places in some areas of the City.</li><li>Further degeneration of school buildings</li><li>Reducing educational standards.</li><li>Project cost and time overruns</li><li>Risk that Welsh Government do not approve individual project funding if not satisfied with Business Cases.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>A significant proportion of the Schools Organisation Programme has been delivered to date including:-<ul style="list-style-type: none"><li>A new Pontprennau Primary School</li><li>Refurbishment to Millbank Primary School</li><li>An extension to Adamsdown Primary School</li><li>An extension to Coed Glas Primary School</li><li>An extension to Ysgol Y Wern</li><li>New Science Block at Fitzalan High</li></ul></li><li>These address in the main the sufficiency issues in the Primary Sector.</li><li>The construction of the new Eastern High School, in partnership with Cardiff &amp; Vale College is progressing well, the construction contract signed for £26m with Willmott Dixon and the buildings works commenced on site in 2016. Due for completion December 2017.</li><li>The procurement of the 3 new primary school buildings for Howardian Primary, Ysgol Hamadryad and Ysgol Glan Morfa is complete. Work started on site for Howardian and Ysgol Glan Morfa in June 2017. Ysgol Hamadryad received planning permission in June and work will start on site in October 17.</li><li>The procurement of the new High School in the West is complete with Willmott Dixon appointed to design &amp; build the school in January 2017. Full planning achieved in August, with contractor to start on site in September.</li><li>Assets being considered corporately to maximise the opportunity to focus funds realised within the Council and through other sources on fewer high quality buildings.</li><li>21<sup>st</sup> Century Schools Band B funding bid submitted to WG in July and awaiting WG decision.</li></ul>	C	3	Medium Priority (Amber/ Green)	<p>All risks being monitored and reported to Schools Programme Board.</p> <ul style="list-style-type: none"><li>'Turn Key solutions' being progressed on all new school builds i.e. one contract, single point of management and responsibility.</li><li>Two step procurement methods being undertaken on all procurements.</li><li>Standardised design methods being used where possible.</li><li>Continued active dialogue with Welsh Government and other professional parties to support progress and development.</li><li>Prioritise population data development to support accurate projections and forecasts for existing resident populations and to support effective s106 negotiations going forward.</li><li>Ensure consistent monitoring and reporting of all risks to Schools Programme Board.</li><li>Capacity strengthened in SOP Team.</li></ul>	<p><b>Nick Batchelar</b></p> <p><b>(Janine Nightingale)</b></p> <p><b>Councillor Sarah Merry, Deputy Leader &amp; Education, Employment &amp; Skills</b></p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p><b><u>Business Continuity</u></b></p> <p>Large scale incident/loss affecting the delivery of services.</p> <p>The potential risk is that our most time sensitive activities are not sufficiently resilient and fail, following an incident which impacts on their delivery and that our incident mangement structure, used in response to internal incidents and external emergencies, also fails in response to an incident.</p>	<p>Reputational / Legal / Financial / Stakeholder / Service delivery / Health &amp; safety</p> <ul style="list-style-type: none"><li>• <b>Health and Safety</b> – potential impact on staff and on the public relying on our most, time sensitive, critical services.</li><li>• <b>Legal action</b> -Failure of key services could lead to Legal action against the council.</li><li>• <b>Financial</b> - Failure of key services could led to significant financial cost both in terms of Ombudsman action and Enforcement action from regulatory bodies as well as individual legal action against the corporate body where service failure leads to legal action against us from private claimants.</li><li>• <b>Reputational</b> - Impact on key services to the public could lead to significant reputational damage to the organisation.</li><li>• <b>Stakeholder</b> – Impact on key stakeholders as result of failure.</li><li>• <b>Service delivery</b> – Potential significant impact on service delivery to the public, impact of key services could lead to significant impacts to the public and the corporate body un delivering its services.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>• The Council has a BCM Champion who sponsors BCM at a strategic level and is actively supporting the BCM Programme.</li><li>• We have an approved Business Continuity Policy which is aligned to ISO22301.</li><li>• BCM Intranet web page.</li><li>• BCM toolkit is now available on CIS allowing all service managers to develop an appropriate BCM response for their services allowing future effective maintenance and audit. BCM workshops are available from the BC Officer on request.</li><li>• The Council has employed a Business Continuity Officer (appointed October 2010). The officer is a qualified ISO22301 lead auditor.</li><li>• The Emergency Management Unit has developed an Incident Management Plan (Cardiff Councils Emergency Management Plan) to ensure alignment with ISO22301 this has been distributed to all Directorates.</li><li>• The Council has a 24 hour Incident Management structure for Gold and Silver Officers.</li><li>• The Red and Amber activities were last reviewed in July 2014. The BCM Champion presented a report to the SLT on the position on all the Red and Amber activities. Directors, Assistant Directors and Chief Officers were tasked with ensuring that their Red and Amber activities had business continuity plans produced and audited by the end of 2014/2015.</li><li>• A partnership approach between the Emergency Management Unit and the Corporate Risk Steering Group is helping to raise awareness and drive forward the BCM programme.</li><li>• 81 % of our most time sensitive activities (Reds) now have Business Continuity plans which have met, or are going through, audit. Work on the remaining plans is ongoing to close gaps and bring them up to date and in line with the corporate audit requirement</li><li>• 28 % of our Amber activities now have business continuity plans which meet the business continuity audit requirement.</li><li>• Cardiff Council is a member of the Core Cities Business Continuity Group and has been for the last 8 years. This membership allows the sharing of best practice and joint initiatives between group members.</li><li>• The Business Continuity Officer has been working closely with the procurement section of Resources to ensure that the resilience of suppliers is considered carefully when procuring services which are important to our most time sensitive activities, our Red and Amber activities.</li><li>• Internal Audit conducted an audit of the Business Continuity Risk in the first 2 quarters of 2015 / 2016 a briefing note has been issued to SLT on the current position and actions moving forward to further enhance our organisational resilience.</li><li>• The BC Officer is actively supporting the development of an appropriate Threat and Response Policy to support council security arrangements.</li><li>• The Business Continuity corporate risk has just gone through a further Internal Audit review and the BC Officer has worked closely with Internal Audit to provide them with the support, evidence, and guidance needed to allow them to review this risk.</li><li>• The Corporate Emergency Management Plan was fully revised and updated in March 2017.</li></ul> <p>The Corporate Incident Management structure and Emergency Management Plan, and the Corporate recovery plan were exercised and validated in a corporate wide exercise on the 29<sup>th</sup> of March 2017, this exercise also provided an opportunity for individual Business Continuity plans to be activated.</p>	C	1	Medium Priority (Red/ Amber)	<ul style="list-style-type: none"><li>• The BC Officer is working closely with Facilities Management to ensure they have effective plans in place to help manage possible business disruptions to our core buildings.</li><li>• Work with ICT to ensure our core infrastructure is as resilient as practical to support a resilient and effective delivery of essential ICT services and the effective planning for recovery of critical IT services after an incident that affects our IT.</li><li>• The Emergency Management Unit are planning a piece of partnership work with ICT to support areas that provide red activities in assessing the impact the loss of technical services, and ensuring suitable mitigation is in place to make our red services more resilient, where this is possible.</li><li>• Work with the teams involved with looking at the potential of using alternative delivery models for council services. Identifying risks associated with alternative delivery models for specific services and recommend potential risk management solutions for implementation, to protect the delivery of our most critical services.</li><li>• The Business Continuity Officer is working to develop and enhance individual Directorate response capability to ensure Directorates are in a stronger position to respond to incidents which could impact on the Council and our most time sensitive activities.</li><li>• The Business Continuity Officer is proposing working closely with Education and Life Long Learning to support them in developing a school specific Business Continuity Plan template to enhance schools resilience capability.</li></ul>	<p><b>Christine Salter</b></p> <p><b>Councillor Huw Thomas, Leader.</b></p>
ONGOING RISKS										
<p><b>Non completion of Statutory Building Equipment maintenance</b></p> <p>Currently statutory obligations testing is not organised in a consistent and centrally managed process across the Council, partly due to a lack of understanding om who is responsible for arranging the testing and any remedial works identified. As a result there is a risk that all required testing/remedial works may not be undertaken and completed correctly.</p> <p>Also, a complete up-to-date accurate register of all statutory obligations testing requirements</p>	<p>Potential consequences:</p> <ul style="list-style-type: none"><li>• Fatalities or serious injuries</li><li>• Closure of part or whole of facilities with major disruption to service delivery</li><li>• HSE interventions and consequential actions including fines and prosecution;</li><li>• Significant additional expenditure requiring realignment of Corporate budgets;</li><li>• Temporary relocation of staff</li><li>• Temporary loss of operational service</li><li>• Invalidation of insurance policy</li><li>• Serious adverse impact on reputation</li><li>• Damage to fabric of building or other equipment</li></ul>	A	1	High Priority	<p>CONTRACTOR</p> <ul style="list-style-type: none"><li>• Competent contractor in place to undertake statutory obligations testing and consequential remedial work;</li></ul> <p>RAMIS IT Software</p> <ul style="list-style-type: none"><li>• RAMIS Statutory Obligation Compliance software system procured and in process of being commissioned. This will replace spreadsheet system currently in place;</li><li>• Staff training has commenced</li></ul> <p>Statutory Obligation Compliance</p> <ul style="list-style-type: none"><li>• Electrical testing and works monitored/supervised by qualified internal staff</li><li>• Electrical certificates received and reviewed by qualified internal staff</li><li>• C1/C2 electrical remedial works identified through testing are attended to appropriately and immediately by contractor undertaking electrical works</li><li>• Spreadsheet database established to record status of statutory obligation compliance across whole Council estate</li><li>• Desk-top audit of compliance completed March 2017 to improve understanding of the current level of statutory compliance. On-site audits have since been implemented with schools buildings scheduled</li></ul>	B	1	High Priority	<p>Strengthen monitoring and supervision of contractors undertaking statutory obligations testing and works;</p> <p>Complete installation of RAMIS:- Property Portfolio uploaded to the system, demo to be provided 16/10/17. Access for Technical Officers and contractors to be arranged in Qtr 4. With support from Risk Monitor Upload of all current statutory certs to be uploaded via. FTP transfer end of 10-17. Recruitment of Officer to Implementation, Management and administration of the system moved to H&amp;S to provide a central governance system for statutory maintenance. Rollout of the system to commence in Qtr 4, along with Building Managers Training, approximately 1,000 managers to undergo training.</p> <p>Statutory Compliance Audits on all schools to be completed by end October 2017.</p> <p>On completion schools to be issued with feedback from the audits, along with the following:-</p>	<p><b>Neil Hanratty</b></p> <p><b>(Tara King)</b></p> <p><b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b></p>



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p>does not exist.</p> <p>Furthermore, there is no embedded technology in use consistently to manage the statutory obligations work or the storing of relevant statutory obligation documentation.</p>					<p>for completion by end of October 2017 with the remainder of the estate due for completion by March 2018;</p> <ul style="list-style-type: none"><li>Planned Preventative Maintenance Certificates are held centrally and can be easily accesses via computer (to be transferred to RAMIS);</li><li>Appropriate statutory obligations testing is being arranged where previously unrecorded requirements are identified through the audits</li></ul> <p>Corporate Landlord Programme</p> <ul style="list-style-type: none"><li>Corporate Landlord Model Programme Brief has been approved by the Programme Board – objective is to create one point of contact in the Council to lead on all property matters across the Council’s estate.</li><li>Implementation of the Corporate Landlord Programme commenced early 2017/18.</li><li>Consultation on the new corporate management structure to deliver a corporate Landlord role and delivery programme started in qu2.</li></ul> <p>HSE</p> <ul style="list-style-type: none"><li>HSE concerns regarding work undertaken by Allianz (company appointed by Council Insurers) have been addressed.</li></ul> <p>Health &amp; Safety Model</p> <ul style="list-style-type: none"><li>A new Health &amp; Safety Operational Manager has been appointed with a role to independently ‘police’ statutory obligations compliance across the building estate.</li></ul> <p>Landlord / Occupancy Agreement</p> <ul style="list-style-type: none"><li>Work commenced on the draft Landlord/Occupancy Agreement template, expected full roll out in by April 2018.</li><li>This will set out principle occupant and landlord permissions responsibilities and Permission for Works arrangements required</li></ul> <p>Conditions Survey of Non Domestic Buildings</p> <ul style="list-style-type: none"><li>This work has commenced with priority school buildings and will continue for the remainder of 2017/18 and into 2018/19.</li></ul>				<ul style="list-style-type: none"><li>Updated handbook detailing roles and responsibilities for safe management and maintenance of school premises, plant and equipment.</li><li>Heads of Terms agreement between the Council and Headteacher/Governing Body to detail roles and responsibilities in law for management and maintenance of school premises.</li><li>The Heads of Terms will be accompanied by a permission to undertake work protocol to seek the Council's permission to make changes to building fabric/services etc.</li></ul> <p>Undertake Statutory Compliance Audits on Corporate Estate to review current compliance position – target completion March-18.</p> <p>Continue to commission investigations / work to complete required compliance testing (and works required) in respect of ‘gaps’ in compliance status identified through the audits across the estate.</p> <p>Implement new In house Statutory Obligations Team to manage the undertaking of the statutory obligations surveys/work across the Council.</p> <p>Engage with CLAW (Consortium of Local Authorities in Wales - supports the professional and technical interests of property management in local government in Wales) to benchmark statutory obligation compliance performance and benefit from experience of other Welsh authorities This is being progressed through the proposed Corporate Landlord Programme.</p> <p>Client Liaison Officers are to be appointed in quarter 3 to assist with relationship management of commissioning of asset maintenance and statutory obligations works for schools, to work alongside Health and Safety advisors.</p> <p>Undertake appropriate training to ensure that all Council building Duty Holders have a clear understanding of their statutory obligations compliance responsibilities (by end 17/18)</p> <p>Continue with the conditions surveys of the non-domestic buildings (complete 18/19).</p> <p>Introduce new technology to assist in improving the scheduling, commissioning, monitoring and auditing of statutory obligations work – by Qtr 4, 17/18. Present the Full Business Case for the proposed new technology to the Investment Review Board in qu3 and move to commission the solution by quarter 4.</p> <p>Commission Improved statutory maintenance contracting arrangements to be in place by April 2018, provide approved contractor supplier competency and performance measures, alongside increased contractor management (implementation of the Property Maintenance Structure), supported by RAMIS and the new Asset Management system.</p>	

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p><b><u>Air Quality</u></b></p> <p>Poor air quality is the most significant environmental determinant of health.</p> <p>UK Government has placed the improvement of Air Quality very high on their agenda and it has been made clear that they consider the responsibility for addressing the issue is at the door of Local Authorities.</p> <p>There is a need to secure funding:</p> <ul style="list-style-type: none"><li>to undertake full feasibility study of shortlisted improvement measures.</li><li>for the implementation and management of mitigating actions.</li></ul>	<p>Cardiff does not comply with legal standards of NO2, and the primary source of the pollution is road transport emissions, particularly diesel vehicle emissions.</p> <p>Cardiff currently falls short of the required limits and although improvements are being seen, non-compliance of the legal limits is projected beyond 2020.</p> <p>The UK and devolved Governments have a legal obligations to achieve nitrogen dioxide (NO2) annual average limit value (40ug/m3 AA) as set out in the EU Ambient Air Quality Directive (2008/50/EC) in the shortest possible time, and their continued failure to meet this has been subject to a number of legal challenges.</p>	A	1	High Priority	<p>Monitoring - Cardiff have 4 existing declared 4 Air Quality Management Areas (AQMA's) all as a result of elevated NO2 concentrations resulting from road traffic emissions.</p> <p><b><u>Development of a Clean Air Strategy:</u></b></p> <p>A multi-sectorial approach is needed to develop and effectively implement long term policies and strategies that reduce risks of air pollution to health and hence the development of a Clean Air Strategy.</p> <p>The strategic measures to address the air quality issues in Cardiff that will be detailed in the Clean Air Strategy can be summarised as follows:</p> <p>LDP Policies adhered to (KP18, EN13), Develop and finalise relevant SPG to improve AQA, additional relevant SPGs</p> <p>Transport strategy- reducing congestion, Car clubs, 20mph zones, influencing behavioural change</p> <p>Active Travel Improvements - increase Cycling and Walking. Public Transport Improvements - Buses, Metro, Trains, school travel plans, influencing behavioural change.</p> <p>Increase EV infrastructure, alt fuels (H2), fleet changes (CCC to lead), industry change, influence behavioural change. Non idling zones, parking permit reform, taxi policy review.</p> <p>Full investigation and feasibility study of potential mitigation measures including the implementation and management of a Clean Air Zone (funding dependant)</p>	C	1	Medium Priority (Red/Amber)	<p>Working Group in place and meeting regularly.</p> <p>Meetings have taken place with WG and DEFRA and will assist with development of strategy.</p> <p>Funding to undertake a full feasibility study into the potential mitigation measures, including a Clean Air Zone, is being pursued with WG.</p> <p>Effective communications strategy, focus on promoting and marketing the wider health and environmental benefits of tackling air quality - inclusive of green paper development</p> <p>An officers working group has made progress on developing the Clean Air Strategy and work is focusing on finalising strategic measures that the Council needs to implement to improve air quality in Cardiff.</p> <p>The strategy will set out specific action plans to implement these measures and will develop a set of performance measurements to demonstrate the effectiveness of the strategy.</p> <p>An additional Working Group which now includes members of the Cabinet and Senior Management has been established to help develop and steer the Strategy.</p> <p>Following full feasibility study (funding dependant) a decision will be made and a full business case produced for the introduction of mitigation actions to improve air quality in the shortest possible time.</p>	<p><b>Andrew Gregory</b></p> <p><b>(Gary Brown)</b></p> <p><b>Councillor Michael Michael, Clean Streets, Recycling and Environment.</b></p>
<p><b><u>Education Consortium &amp; Attainment</u></b></p> <p>The Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve and Educational Attainment does not improve at the required rate.</p>	<p>Reputational / Legal / Financial.</p> <ul style="list-style-type: none"><li>Budget implications.</li><li>Educational standards falling behind other LA's.</li><li>Potential impact on Estyn judgement for LA.</li><li>Intervention from WG</li></ul>	B	1	High Priority	<p>There have been continuous improvements in nearly all the outcome indicators at all key stages, although the performance of a few of Cardiff secondary schools is still a significant concern. The work of the school improvement service commissioned from the regional consortium is now based on clear priorities and a good understanding of Cardiff schools. Cardiff schools are being challenged more rigorously and supported more effectively to improve.</p> <p>A Secondary Senior Challenge Adviser with well-developed knowledge and skills to build on the progress made to date has been appointed on an interim basis. There is a new Primary Senior Challenge Adviser in post.</p> <p>The Schools Causing Concern processes have been revised in partnership with the Consortium and the Local Authority. The systems and processes to secure improved joint service delivery is now in place, with regular meetings calendared with the Assistant Director and the Senior Challenge Advisers, Primary and Secondary.</p> <p>There is a strong working relationship between the local authority and the regional consortium. The local authority has moderated the outcomes of categorisation, in partnership with the regional consortium. This has led to a more accurate view of school performance, an improved model of differentiated support and challenge, and earlier intervention in schools causing concern. Through school improvement meetings, challenge advisers are developing a better understanding of the role that wider services in the local authority play in improving schools.</p> <p>A number of Cardiff schools have been appointed as Pioneer Schools to develop the new curriculum over the next three years in line with "Successful Futures".</p>	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>Officers will continue to ensure the agreed commissioning arrangements are refreshed and delivered and impact positively on the performance of schools.</li><li>A comprehensive review of the Local Authority annex is underway to ensure it is closely related with the priorities contained within the Education Directorate Delivery Plan 2017-2018.</li><li>Local Authority officers and members of the Consortium have already identified the need to commission more comprehensive support for Governors and support for Federations.</li></ul>	<p><b>Nick Batchelar</b></p> <p><b>(Angela Kent)</b></p> <p><b>Councillor Sarah Merry, Deputy Leader &amp; Education, Employment &amp; Skills</b></p>
<p><b><u>ICT Platforms Unsuitable/ Outdated</u></b></p> <p>The ICT platforms (desktop, software, network, servers, and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.</p>	<p>Reputational / Financial / Stakeholder / Service delivery.</p> <ul style="list-style-type: none"><li>Loss of PSN services.</li><li>Service delivery impacts from unreliable/unavailable ICT systems</li><li>Cardiff seen as unable to deliver on aspirations</li><li>Poor morale from frustrations with inability to deliver services.</li><li>Potential for income losses from revenue collection impacts.</li><li>Unable to meet delivery deadlines on both business as usual and transformation projects.</li></ul>	A	2	High Priority	<ul style="list-style-type: none"><li>Measurements put in place to track impact</li><li>Existing ICT budget spend focused on dealing with critical issues, capital and revenue budget resource provided in 2012-15 to address major issues, medium term financial plan investment programme in place for subsequent years.</li><li>Spending complete for renewal/upgrade of highest risk items, in particular firewalls, core servers/switches and external bandwidth.</li><li>New system down analysis process in place to ensure that key pressure points are rapidly identified and fixed at minimum cost until full programme can be initiated. Recent issues with telephony have resulted in retargeting of some resources to focus on weak points now identified.</li><li>New deliveries are all being designed for a 99.99% minimum uptime, with critical systems targeted at 99.999% (equating to less than 6 minutes per year)</li><li>Active projects underway and the current aged file storage solution have been replaced and cloud based storage for additional resilience and flexibility is being assessed. Other projects underway to replace many of the core older back end servers.</li><li>Corporate file storage systems replaced and new disk to disk backup option installed to improve performance and resilience</li><li>Due to mitigation actions so far to reduce the risk, the risk of critical service</li></ul>	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>Development of lifecycle monitoring and clearer customer engagement.</li><li>Pilot leasing scheme within schools to be considered for corporate desktop estate</li><li>Monitored on the corporate risk register.</li><li>Breakdown of costs to remediate to be generated and reviewed. To include workstation replacement costs, supporting network infratructure and server infrastructure.</li></ul>	<p><b>Christine Salter</b></p> <p><b>(Phil Bear)</b></p> <p><b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b></p>

Page 22



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					downtime has been reduced. <ul style="list-style-type: none"><li>• Additional load balancers to be purchased for application resilience in key systems.</li><li>• Full renewal programme for all desktop, software, network, servers, and telephones, appropriate to Cardiff's ambitions and resources.</li><li>• Continued assessment of priorities for replacement – applications infrastructure and servers are the next priority</li><li>• Refresh of existing SAP, thin client and virtual server farms</li><li>• Assessment of equipment required replacing to maintain PSN compliance</li><li>• Further revenue and capital investment in 2014-16.</li><li>• Migrate VM infrastructure over to Pure Storage. Project initiated and led by ICT Server Manager.</li><li>• Migrated users from CAG to ASA. Project to move over users complete.</li></ul>					
<b>Safeguarding</b>  Systemic failure in the effectiveness of the Council's safeguarding arrangements together with other statutory safeguarding partners.	Reputation / Financial / Stakeholders / Service delivery / Legal / Partnership / Community <ul style="list-style-type: none"><li>• A child/ren or adult/s suffers avoidable significant harm or death.</li><li>• Reputation of Council and partners.</li><li>• Severe adverse publicity.</li><li>• Potential regulator intervention.</li><li>• Loss of confidence by the community in the safety of children and adults.</li><li>• Loss of confidence of staff in the overall "safety" of the service, impacting on morale, recruitment and retention.</li></ul> Potential litigation with associated financial penalties.	B	1	High Priority	<ul style="list-style-type: none"><li>• Embedding the Social Services &amp; Wellbeing (Wales) Act 2014 in relation to the strengthening of adult safeguarding.</li><li>• Strategic review of safeguarding governance across the region completed in partnership with the Vale of Glamorgan Council.</li><li>• Strategic review of the functioning of the Regional Safeguarding Adults Board completed.</li><li>• Ongoing implementation of the Child Sexual Exploitation Strategy.</li><li>• Implementation of the Corporate Safeguarding Board work programme.</li><li>• Growth proposals for operational safeguarding capacity included in 2017/18 budget</li><li>• Cardiff Council hosting the All Wales Adult and Child Protection Procedure re-write.</li><li>• Raising profile of Adult Sexual Exploitation (ASE) in Adult Services in line with the Child Sexual Exploitation (CSE) Strategy.</li></ul>	C	1	Medium Priority  (Red/Amber)	<ul style="list-style-type: none"><li>• Training staff in relation to Adult Protection Orders.</li><li>• Draft Annual Plan for Regional Adults / Childrens Safeguarding Board.</li></ul>	<b>Tony Young</b>  <b>&amp;</b>  <b>Davina Fiore</b>  <b>Councillor Susan Elsmore, Social Care, Health &amp; Well-being</b>  <b>Councillor Graham Hinchey, Children &amp; Families.</b>  <b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b>
<b>Budget prioritisation</b>  Failure to deliver the statutory obligation of setting a balanced annual budget and a fully informed Medium Term Financial Plan which takes into account statutory budget planning obligations (compounded by the risk of only receiving annual settlement figures from the Welsh Government).	Reputational / Financial / Legal / Service delivery / Stakeholder <ul style="list-style-type: none"><li>• Risk of failing to meet statutory obligations.</li><li>• Risk that service delivery impacted due to uncertainty in the budget planning process resulting in decreasing resources or failure to effectively prioritise spend in line with Corporate Plan Objectives.</li><li>• Risk that settlement figures will not be as anticipated giving an element of uncertainty to any proposals from Cabinet during public consultation and beyond.</li><li>• Risk that savings identified as part of business as usual and efficiencies have not been robustly reviewed for achievability and will not deliver as planned.</li><li>• Risk that financial constraints and budget proposals result in unintended consequences such as increased instances of non-compliance and financial impropriety.</li><li>• Risk that annual budget settlement frustrates medium / longer-term planning and that the cycle does not integrate with other business cycles and vice versa.</li><li>• Risk of unbalanced budget as savings required over the medium term become harder to achieve and their impact on service delivery more difficult to manage.</li><li>• Risk that organisational development does not align to the financial strategy in relation to budget reduction requirements.</li><li>• Additional obligations such as Wellbeing of Future Generations Act leading to Council failing in statutory duty.</li><li>•</li></ul>	A	1	High Priority	<b>2018/19 and Medium Term</b> <ul style="list-style-type: none"><li>• The 2016/17 settlement allowed the Council to reduce risk and improve resilience through addressing the pace and scale of the most challenging saving proposals, reviewing planning assumptions and introducing a new financial resilience mechanism. This mechanism has been used for 2017/18 and will be a key part of the assurance for 2018/19</li><li>• The final 2017/18 Budget was underpinned by Directorate Savings of £13.264m and Addressable Spend Savings of £3.743m; a total of £17.007m. Robust monitoring are and will take place during 2017/18 in order to inform the 2018/19 budget position.</li><li>• The MTFP set out in the July 2017 Budget Strategy Report shows an estimated Budget Reduction Requirement of £73.512m for the medium term (2018/19-2020/21).</li><li>• Close working with Policy team in respect of alignment with Corporate Plan and duties under Wellbeing of Future Generations Act.</li></ul>	C	2	Medium Priority  (Red/Amber)	<b>2018/19 and Medium Term</b> <ul style="list-style-type: none"><li>• The 2018/19 Provisional Settlement was received in October 2017 with Final Settlement December 2017. There is a concern that there may be changes between provisional and final settlement.</li><li>• Budget to be approved at Council February 2018</li><li>• Continue the work that ensures alignment with the demands of the Wellbeing of Future Generations Act with the 2018/19 Budget Strategy and any proposals.</li><li>• Ensuring closer alignment with objectives of the Corporate Plan and the Organisational Development Programme in order to ensure resources are allocated appropriately and that longer term financial savings are developed in enough time to be realised in the medium term.</li></ul> <b>Medium Term</b> <ul style="list-style-type: none"><li>• Continued due diligence, challenge of proposals and development of detailed plans for both 2018/19 to 2020/21</li><li>• Continue to refresh assumptions at key stages as relevant information becomes available.</li></ul>	<b>Christine Salter</b>  <b>(Ian Allwood)</b>  <b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<b>Financial Resilience</b>  The Financial resilience of the Council over the medium term is significantly weakened so that it is financially unable to discharge its statutory obligations and services to the citizens of Cardiff.	Reputational / Financial / Legal / Service delivery / Stakeholder  <ul style="list-style-type: none"><li>The risk that the Council will not be able to react to adverse situations through a combination of poor imprudent planning and significant challenges such as increasing demands for services such as social services, education, roads etc.</li><li>The risk is that the Council will not be able to operate within the financial funds available to it and fail in its statutory duty to deliver services.</li><li>Reputational risk of defaulting on creditor / payroll payments thus creating uncertainty across the community of Cardiff and beyond.</li><li>The risk that this leads to intervention and increasing adverse impacts on the community of Cardiff that rely on the services being delivered by the Council.</li></ul>	A	1	High Priority	<ul style="list-style-type: none"><li>The Council regularly reports in relation to its financial performance and monitoring.</li><li>The establishment of a £4m financial resilience mechanism to protect the Council from the uncertainties associated with the absence of multi-year settlement information whilst allowing for one-off investment in the mean-time.</li><li>The Wales Audit Office's Report into financial resilience scored the Council as low risk in terms of financial governance and control and medium risk in terms of financial planning. Subsequent report received stated that the Council has a transparent and effective savings approach which supports financial resilience being achieved.</li><li>Further Improvement actions associated with the medium risk for financial planning related to 1) Fully developing savings proposals prior to start of year, with realistic timescales set and 2) Continuing to improve and further develop links between the MTFP and Organisational Development Programme.</li><li>A financial snapshot is used to report the financial resilience of the Council and is reviewed 3 times a year and reported at Budget Report (Feb17 &amp; Feb 18), Budget Strategy (Jul) and to Audit Committee.</li></ul>	C	2	Medium Priority  (Red/ Amber)	<ul style="list-style-type: none"><li>Key stakeholders are briefed on this position and financial triggers against this snapshot continue to be developed and reviewed.</li><li>Work in respect of improving savings plans continues in order to increase the % of savings proposals accepted that deliver. The key focus is due diligence, challenge and development of detailed plans but with an emphasis and accountability to the directorate which proposed the saving. Savings documentation has also been reviewed and developed with the aim of ensuring consideration and capture of key factors relating to savings proposals.</li><li>Links between the MTFP, OD Programme, Service Plans and Improvement Plans continue in order to further build on work already undertaken in the Budget Strategy Work Programme.</li></ul>	<b>Christine Salter</b>  (Ian Allwood)  Councillor Christopher Weaver, Finance Modernisation and Performance.
<b>Budget Monitoring (Control)</b>  Failure to achieve the budget set, inclusive of budgeted spend and savings across Directorates, with increased use of emergency finance measures and the drawdown of reserves.	<ul style="list-style-type: none"><li>Inability to balance spend, against budget, for the financial year.</li><li>Requirement to implement emergency measures to reduce spending during the financial year thus adversely impacting on ability to meet corporate plan objectives.</li><li>Requirement to drawdown from General Reserves at the year end.</li></ul>	A	1	High Priority	<ul style="list-style-type: none"><li>Clear financial procedure rules setting out roles and responsibilities for budget management are in place.</li><li>In recognition of the quantum of savings and the risks posed a £3 million General Contingency was allocated in the Budget.</li><li>Availability of General Reserve should this be required.</li><li>The final 2016/17 outturn showed a balanced position. However this included an overspend of £7.63m in relation to directorate budgets with shortfalls of £6.475m against 2016/17 savings targets and £1.881m against shortfalls carried forward from 2015/16.</li><li>The Corporate Director of Resources, Chief Executive and Cabinet Members have continued to hold challenge meetings going forward into 2017/18 in all areas both to address shortfalls against budget proposals accepted but also the overall financial position of each directorate.</li><li>Full financial monitoring processes is in place for month 3 to 11 of the financial year including achievement of budget savings with months 3 to 10 completed.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>The balance of any 2015/16 or 2016/17 savings targets designated as not being achievable have been provisionally allocated and will continue to be reviewed as the 2017/18 monitoring process progresses.</li></ul>	<b>Christine Salter</b>  (Allan Evans)  Councillor Christopher Weaver, Finance Modernisation and Performance.
<b>Health and Safety</b>  Ineffective compliance of health and safety through poor application and embedding of the 'Framework for Managing Health and Safety in Cardiff Council.	Reputational / Legal / Financial / Service delivery <ul style="list-style-type: none"><li>Fatalities</li><li>Serious injuries</li><li>Prosecution – fines for body corporate and/ or fines/imprisonment for individual</li><li>Claims</li></ul>	A	1	High Priority	<ul style="list-style-type: none"><li>Appointment to OM1 post for Head of Health and Safety, started 4/9/17.</li><li>Restructure of the Health and Safety Team required, to increase resources and skill set.</li><li>Health and Safety support for schools is limited, Concerns regarding statutory compliance on the range of statutory issues including the following high risk issues:-<ul style="list-style-type: none"><li>Asbestos Control</li><li>Fire Safety</li><li>Electrical Safety</li><li>Gas Safety</li><li>Legionella Control</li></ul></li><li>Quality of Risk Assessments across the Council is varied and improvements required in consistency and quality in some areas.</li><li>Health and Safety Advisers carry out a programme of general health and safety audits, focussing on high risk activities, and undertake other inspections / investigations as necessary. Increased competency required on specialist risks such as asbestos, fire and CDM in order to appropriately monitor and report on H&amp;S risks.</li><li>Policy and Codes of Guidance reviewed, further work required in this area going forward to ensure that all policies are up to date and reflect current practice within the Council.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>Restructure of the Health and Safety Team is a key priority, HR process underway as well as consultation with union representatives.</li><li>Team to be established for schools to provide a traded service which will be subsidised by Education budget initially. Education Compliance Team to be transferred to Health and Safety to ensure a co-ordinated approach to all compliance issues in schools.</li><li>Schools Health and Safety Team to be rolled out in 2018, on a phased approach, Budgets determined and meetings planned with Headteachers to discuss the services available to schools.</li><li>Audits of Statutory compliance being undertaken in schools, which will result in an improvement strategy on key risks, to engender improvement in safety and legal compliance. All audits to be completed by half term. Following completion the team will move to Corporate Buildings.</li><li>Responsibility for Implementation of RAMIS transferred to H&amp;S in September 2017. RAMIS4Schools to be rolled out in November 2017, Core RAMIS to manage Statutory Maintenance to be rolled out to all Technical Officers, contractors and building managers, by end of the financial year.</li><li>Review of Fire Risk Assessment and Fire Safety Management undertaken. Change to arrangements required for the assessment of Fire Risk. RAMIS to be utilised for undertaking all Fire Risk Assessments going forward, to ensure that all remedial actions can be programmed, monitored, costed and delivered. Recruitment of 3 x part time Fire Safety Officers planned to undertake the risk assessment review programme and provide advice and guidance on fire safety matters. FRA Programme will also be supported by Building Control Officers using the RAMIS System. Costs to be covered by existing Fire Risk Assessment budgets from Education and Strategic Estates.</li><li>Asbestos management to be reviewed and improved to minimise the risk of accidental disturbance and reduce the costs associated with asbestos services including surveying, sampling, reassurance air tests and management of asbestos removal works. Recruitment of a Competent Asbestos Manager planned for a start in 2018, utilising existing budget spend on external asbestos contractors. HSE investigation currently underway involving disturbance of asbestos insulating ceiling tiles at Ysgol Y Wern during</li></ul>	<b>Christine Salter</b>  (Donna Jones)  Councillor Christopher Weaver, Finance Modernisation and Performance.

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
									<p>the summer holidays by a contractor fitting new lighting.</p> <ul style="list-style-type: none"><li>• RAMIS system to be utilised for monitoring statutory compliance and H&amp;S Audits/Inspection, RAMIS Officer to be recruited to administer and implement the system. Funding of the post agreed at SMT to be covered equally be all Directors.</li><li>• Risk Assessment Library and Asbestos Management module to be included in the RAMIS system.</li><li>• Review of Policy/Codes of Guidance – Corporate Policy and 13 Codes of Guidance reviewed and uploaded to CIS, further reviews planned in 17/18, particular priorities are Violence and Work, Control of Vibration, Stress and Wellbeing, Asbestos Management and Fire Safety.</li><li>• Review of Violence at Work and PACD System completed, ALERT, the replacement system to be demonstrated to SMT 17/10/17 and to Corporate Health and Safety Forum on 24/10/17.</li></ul>	
<p><b>Climate Change &amp; Energy Security</b></p> <p>Un-preparedness to the effects of climate change due to lack of future proofing for key (social and civil) infrastructure and business development, and inability to secure consistent energy supply due to rising energy costs and insecurity of energy supply.</p>	<p>Reputational / Financial / Stakeholder / Service delivery / Legal / Partnership / Community / Health &amp; Safety</p> <p>Flooding &amp; increased frequency and severity of storm events:</p> <ul style="list-style-type: none"><li>• Loss of life and personal injury</li><li>• Direct damage to property, infrastructure and utilities</li><li>• Contamination and disease from flood and sewer water and flood on contaminated land</li><li>• Increased costs of insurance</li><li>• Break up of community and social cohesion</li><li>• Blight of land and development</li></ul> <p>Increased summer temperatures:</p> <ul style="list-style-type: none"><li>• An increase in heat related discomfort, illness and death, increasing pressure on health and emergency services</li><li>• An increase in demand for limited water supplies</li><li>• Damage to temperature sensitive infrastructure (transport systems, electrical systems).</li><li>• Migration of biodiversity.</li></ul> <p>Inconsistent energy supply and cost:</p> <ul style="list-style-type: none"><li>• Inability to deliver public services</li><li>• Decrease in economic output</li><li>• Disruption to the supply of utilities</li><li>• Increased transport costs</li><li>• Increased costs for heating / providing services to buildings</li><li>• Increased fuel poverty</li></ul>	B	1	High Priority	<p>Emergency Management Unit</p> <p>Cardiff Council Emergency Management Unit is working through the Local Resilience Forum (LRF) structure to ensure planning is carried out with consideration of flood risk.</p> <ul style="list-style-type: none"><li>• Cardiff Area Community Risk Register is developed and reviewed on a regular basis by the Cardiff Area Risk Group. It takes into account changes in the national risk register and how those changes affect Cardiff.</li></ul> <p>We are engaging internally with The Welfare of Future Generations Act to integrate the community work with the Councils strategy and externally with voluntary organisations such as C3SC to provide training to community groups across Cardiff</p> <ul style="list-style-type: none"><li>• Cardiff Council Emergency Management Unit have in place a long term communication strategy in Cardiff in conjunction with multi agency partners highlighting flood awareness alongside other emergency eventualities such as extreme temperatures and how residents, businesses and communities can be aware of the risks in their area and hence better prepare for them should that risk materialise. Cardiff has 5 active community flood plans with others in the planning stage. We have produced a 'Preparing for Emergencies – A Guide for Communities' document which is now available to all agencies and organisations. It provides information on how to prepare, respond and recover from an incident including flooding. The document can be found via the following link; <a href="https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Emergency-Planning-and-Resilience/Emergency-Planning-and-Resilience/Pages/default.aspx">https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Emergency-Planning-and-Resilience/Emergency-Planning-and-Resilience/Pages/default.aspx</a></li></ul> <p>We have further developed our capability to communicate with the public with the development of the EVAC Cardiff App which is now available for both android and apple systems. Alongside the App we are developing a stand-alone website to offer further advice and information to back up the information available via the App.</p> <p>We have procedures in place to alert relevant departments within the council to extreme temperatures and work with partner agencies in line with Welsh Governments Heatwave Plan, this can be found via the following link; <a href="http://www.wales.nhs.uk/docopen/218909/">http://www.wales.nhs.uk/docopen/218909/</a></p> <p>Energy Management Unit</p> <ul style="list-style-type: none"><li>• The Council procures competitive energy contracts through the Crown Commercial Services on a 6 monthly purchasing window for the following 12 month financial year.</li><li>• Key sites are fitted with back-up generators for emergency backup, specifically for IT systems.</li><li>• The Carbon reduction Strategy 2022 identifies projects and activities through 4 strands in order to achieve a 35% reduction in the council's carbon emissions from electricity and gas by 2022. These include; Renewables, energy Efficiency, Design and Asset Management and Behaviour Change.</li><li>• The new strategy is accompanied by a project programme which is currently being implemented with projects categorised across all strands.</li><li>• Key project achievements include 16 LED lighting upgrades to schools, 700kW of solar PV installed across the estate as well as the commissioning of the Radyr Weir Hydroelectric scheme with a capacity of 400kW,</li><li>• Progress in 2015/16 has achieved a 6.9% reduction in carbon versus 2013/14 baseline.</li></ul> <p>Local Flood Risk Management Strategy</p> <p>A Local Flood Risk Management Strategy was produced as a requirement of the Flood and Water Management Act 2010 in accordance with WG's Flood &amp; Coastal Risk Strategy guidance. The LFRMS integrates; the PFRA, a coastal protection strategy, stakeholder communications and sets a clear corporate approach to flood management.</p> <p>Flood Risk Management Plan</p>	B	1	High Priority	<p>Emergency Management Unit</p> <ul style="list-style-type: none"><li>• To consider flood risks recognised in the Community Risk Register in the Community Planning/Integrated Partnership process. Community resilience workshops continue in high risk areas</li></ul> <p>Energy Management Unit</p> <ul style="list-style-type: none"><li>• Progress has been made to establish up to date energy budgets.</li><li>• Deliver development of local power generation within city boundaries and with neighbouring LAs by securing heat networks, deliver the Affordable Warmth Strategy through measures such as ECot2 and Green Deal opportunities, provide supplementary planning guidance on passive and renewal heating systems to new build and retrofit schemes.</li><li>• Energy security related issues to inform corporate financial systems revised buying and power consumption monitoring arrangements to save money and reduce demand and provide corporate &amp; community planning for Energy City Wide to Business and public sector.</li><li>• Further guidance to be disseminated to service areas on energy security and energy savings opportunities such as implementation of Carbon Culture, delivering extensive energy invest to save programmes on the Council Estate.</li><li>• Delivering renewables within larger properties to lower dependency to grid supply.</li><li>• Energy Performance certificates undertaken to Council owned stock to improve understanding along with a variety of energy efficiency measures (cavity / loft / external wall insulation and boiler upgrades) funded via ARBED, ECO and Green Deal.</li></ul> <p>Local Flood Risk Management</p> <ul style="list-style-type: none"><li>• An officer's flood working group has been established to improve internal and key stakeholder communications on flooding issues.</li><li>• Identify where flood risk information is in place for key social and civil infrastructure and identify where there are gaps (i.e. contaminated land).To consider flood risks recognised in the Community Risk Register in the Community Planning/Integrated Partnership process. Community resilience workshops continue in high risk areas</li><li>• The proposal to further progress Surface Water modelling further in line with national guidance and deadlines to inform the Cardiff Area Flood Plan awaits the next guidance from the Welsh Government</li><li>• To consider the long term planning implications for coastal protection owned/managed by the Council. Funding of £400k has been secured from Welsh Government for 2016/17 to develop a Project Appraisal Report to manage coastal flooding and erosion risk. The appraisal must consider wider benefits, and project appraisal will seek to identify options to remedy coastal erosion and will also have a consideration for the coasts flood defence standards.</li><li>• The Outline Business Case has been submitted to Welsh Government for review. Should the Council be successful in securing funding from the Welsh Government Coastal Risk Management Programme, detailed design will commence before the end of the year. The WG's CRMP has a time line between 2018 and 2021.</li></ul> <p>Planning</p>	<p>Andrew Gregory</p> <p>Councillor Michael Michael, Clean Streets, Recycling and Environment.</p>



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					<p>In 2013, as a requirement of the Flood Risk Regulations 2009, the Environment Agency, working with Natural Resources Wales and Lead Local Flood Authorities, produced the updated Flood Map for Surface Water (uFMfSW). The maps identify the risk, extent, velocity and hazard posed to Cardiff for a series of rainfall events.</p> <p>These maps have been used to inform the Flood Risk Management Plans, which Cardiff have produced as a requirement of the Flood Risk Regulations 2009. The plan sets out how Cardiff Council will over the next six years manage flooding so that the communities most at risk and the environment benefit the most. The plan does this by:</p> <ul style="list-style-type: none"><li>• Highlighting the areas most at risk of flooding from surface water, ordinary watercourses and groundwater in Cardiff Council's area;</li><li>• Draws conclusions from these risks; and</li><li>• Sets out the measures that will be implemented over the 6 year cycle to mitigate these risks and make our communities more resilient.</li></ul> <p>Planning</p> <p>Project Management techniques and partnership working are being used to effectively manage the process of preparing the LDP Annual Monitoring Report (AMR) and a programme of Supplementary Planning Guidance (SPG). In addition a process has been identified and tested to collect data relating to the flood risk indicators.</p> <p>Sustainable Development Unit</p> <ul style="list-style-type: none"><li>• Changing Climate, Changing Places pilot project.</li><li>• Strategic climate change resilience action plan approved by Cabinet in 2013 as part of a wider One Planet Cardiff Cabinet Report. Actions and recommendations in the plan cover heat planning and flooding issues.</li><li>• Corporate PI on climate change resilience developed to help support the authority and its services to be prepared for a changing climate, and to enable robust reporting to WG on this work. There has been limited response from Directorates due to key staff leaving and organisational changes. This work is now being aligned with the Well-Being of Future Generations Act.</li><li>• The Council has signed up to the Compact of Mayors in addition to its existing commitment to the Covenant of Mayors. Reporting year 2 data submitted for the Compact of Mayors Carbon Disclosure Project and a Monitoring Emissions Inventory in process for the Covenant of Mayors Sustainable Energy Action Plan.</li></ul>				<p>Assess findings for flood risk indicators and identify whether any corrective actions are required to reduce flood risk in new developments.</p> <p>Sustainable Development Unit</p> <ul style="list-style-type: none"><li>• Climate Change is being considered as part of the Well-Being Assessment and subsequent actions in the Well-Being Plan.</li><li>• Work to be undertaken with both the Covenant of Mayors and the Compact of Mayors (merging to become the Global Covenant of Mayors for Climate Change) to agree a consistent method of emissions reporting and action planning so as to not duplicate efforts and get maximum benefit from the commitments.</li></ul>	
<p><b>Information Governance</b></p> <p>Information handled inappropriately leaves the Council exposed to intervention and financial penalties issued by the Information Commissioner (ICO). This includes information held by Cardiff Schools.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"><li>• Leads to the Information Commissioner issuing notices of non-compliance</li><li>• These could consist of:</li><li>• a Stop Now Order which would mean that no personal data could be processes by the Council in its entirety</li><li>• An Information Notice which would mean that a service would have to provide information in a very limited period thereby impacting on service delivery</li><li>• Undertaking which requires an Action Plan of Remedial Measures which would be subject to ICO Audit</li><li>• Enforcement Notice requires immediate improvement action to be put in place</li><li>• Financial Penalty up to £500,000 (currently)</li><li>• The General Data Protection Regulation will come into force in May 2018 and puts in place a new Enforcement Regime and financial penalty structure. The maximum fine will be 4% of turnover or 20,000,000 euros</li></ul>	A	1	High Priority	<ul style="list-style-type: none"><li>• Information Security Board chaired by the SIRO held quarterly.</li><li>• Suite of Information Governance Policies in place and annually updated.</li><li>• Processes for Information Requests, Data Loss in place.</li><li>• The Information Governance Training Strategy in place and training provided to staff with access to electronic personal data</li><li>• Information Requests and Training compliance monitoring reports provided and reported to Information Security Board, SIRO.</li><li>• ICO Consensual Audit determined that the Council is considered to have a 'reasonable level of assurance' in place</li><li>• Standard Contracts include a clause regarding 3rd Parties processing personal data and obligations in respect of Freedom of Information</li><li>• Processes established through procurement and ICT acquisition processes for ensuring Privacy Impact Assessments are completed if personal data is being processed, including Data Processing Agreement with third party contractors</li><li>• Privacy Impact Assessment Board established to ensure that the Council, when changing systems and processes where personal data is involved, considers relevant legislation.</li><li>• Advice provided to the National Adoption Service, and Service Level Agreements in place foe service provisions to Rent Smart Wales and Cardiff Capital Region City Deal as Cardiff Council is the Data Controller for these services</li><li>• Advice and assistance provided to collaborative services of the Educational Consortium, Vale, Valleys and Cardiff Regional Adoption Service and Shared Regulatory Service where Cardiff is not the Data Controller</li><li>• Advice and Guidance Service in operation to Cardiff Schools (with the exception of Eastern High and St Illytds) to support compliance within schools and governing bodies</li><li>• Advice and guidance available to Directors and Lead Officers on the Information Governance aspects of Alternative delivery Models</li><li>• Digitisation of Records forms part of the considerations of the OD Programme for services becoming 'digital by default' and programmes of digitisation support provided to services where contracted.</li><li>• Corporate Retention schedule in place and updated annually in line with any legislative changes</li><li>• Information Governance Maturity Model established to monitor risks against</li></ul>	C	1	Medium Priority (Red/Amber)	<p>1) The remaining 10% of Information Requests siting in Directorates will be brought into the Information Governance Team during quarter 3 of 2017/18 in line with the 'One Council Approach' (this work has been delayed as the result of recruitment issues)</p> <p>2) Completion of the GDPR Implementation Plan (6 months)</p> <p>3) Improve the IG Training compliance to meet the target of 100% (3 months)</p>	<p>Christine Salter</p> <p>(Vivienne Pearson)</p> <p>Councillor Christopher Weaver, Finance Modernisation and Performance.</p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					areas of information governance to feed into corporate risk status <ul style="list-style-type: none"><li>The Digitalisation of Paper Records Strategy and associated business process changes is in place</li><li>A Corporate external storage contract is in place to improve processes and financial spend on storage of paper records externally</li><li>The Council's Data Processing Agreement template has been updated to ensure that this remains compliant with the requirements of the Data Protection Act</li><li>GDPR Implementation Plan is in place and a GDPR Implementation Group has oversight of progress and will escalate issues to the Operational Manager Information Governance and Risk Management and the Council's SIRO.</li></ul>					
<p><b>Social Services – Provision</b></p> <p>Failure to provide robust and adequate social services in the context of increasing costs and limited resources.</p>	<p>Reputational / Community / Legal / Financial / Stakeholders / Service delivery</p> <p>Quality and range of services and interventions compromised, e.g.:</p> <ul style="list-style-type: none"><li>Safety and welfare of individuals in the community compromised.</li><li>Achievement of good outcomes for service users compromised.</li><li>Shortage of appropriate services including placements.</li><li>Inability to meet key objectives and performance targets.</li><li>Increase in challenges from carers, including financial challenges.</li><li>Increase in Delayed Transfers of Care (DToC).</li></ul>	B	1	High Priority	<p>Strategic service improvement governance arrangements including:</p> <ul style="list-style-type: none"><li>Adult Social Care Strategic Commissioning Programme.</li><li>Internal Review team within Assessment &amp; Care Management continues to focus on delivery of targeted reviews and reviewing packages of domiciliary care for individuals.</li><li>Disability Futures Programme in place to transform futures for disabled children.</li><li>Community Resource Team moved to 7 day working.</li><li>Director has commissioned the Institute of Public Care (IPC) to facilitate strategic development as follows:<ul style="list-style-type: none"><li>Develop outreach Community Resource Team services.</li><li>Develop Older People's Housing Strategy.</li><li>Redesign of Day Opportunities for Learning Disabilities to include capital programme.</li><li>Development of a Reablement Strategy.</li></ul></li><li>Comprehensive Integrated Care Fund (ICF) funded interventions designed to strengthen domiciliary care capacity in place.</li><li>Workforce augmented as a consequence of funded pressures and additional posts.</li><li>Financial 5-10 year analysis of growth and pressures completed.</li><li>Key strategies to promote independence, manage demand and enhance prevention in place as follows:<ul style="list-style-type: none"><li>Early Help Strategy (for children).</li><li>Multi-Agency Safeguarding Hub (MASH).</li><li>Adolescent Resource Centre.</li><li>Signs of Safety.</li><li>Asset Based Approaches in Adult Services.</li></ul></li><li>Enhanced First Point of Contact with Communities &amp; Housing Directorate.</li></ul>	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>Implementation of strategic review facilitated by the Institute of Public Care with a view to agreeing a 5-10 year Financial Strategy for adult social care.</li><li>Inter-agency, city wide preventative strategy for children under development to include:<ul style="list-style-type: none"><li>Further enhancement of the Early Help Strategy.</li><li>Pilot locality initiative with third sector partners.</li><li>Extension of Signs of Safety.</li><li>Linking to realignment of Families First programme.</li></ul></li></ul>	<p><b>Tony Young</b></p> <p><b>Councillor Susan Elsmore, Social Care, Health &amp; Well-being</b></p> <p><b>Councillor Graham Hinchey, Children &amp; Families.</b></p>
<p><b>Promoting Independence</b></p> <p>Failure to sustain an effective whole system approach that enables adults with significant health needs to remain in, or return to, their own homes and reduces the need for / length of hospital stays.</p>	<p>Reputational / Legal / Financial / Community / Stakeholders / Service delivery</p> <ul style="list-style-type: none"><li>Increase in Delayed Transfers of Care (DToC).</li><li>Poorer outcomes for adults.</li><li>Potential ministerial intervention incurring significant reputational and political risk.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>Leadership group established to tackle DToC - consisting of Cabinet Members from the Cardiff, Vale of Glamorgan, Chair of UHB and relevant officers.</li><li>Performance challenges set to improve DToC - includes ongoing close monitoring of DToC Plan.</li><li>Joint action plan received and agreed by the Health Minister under frequent review to monitor progress.</li><li>Health &amp; Social Care Integration - continued progression on integration with Health - partnership / governance.</li><li>Community Resource Team moved to 7 day working.</li><li>Comprehensive ICF funded interventions designed to strengthen domiciliary care capacity in place.</li><li>Strategy to engage more proactively with the market in order to support better sustainability in domiciliary care established.</li></ul>	C	1	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>Wales Audit Office (WAO) Review endorsed improvements in partnership landscape in Cardiff and establishment of a senior 'Virtual Team' now bringing benefits in terms of shared operational 'grip'.</li><li>Performance continues to improve subject to winter pressures; Winter Pressures Planning commenced.</li><li>Market management impacting effectively and containing 'price'.</li><li>Strategic review of reablement with Institute of Public care (IPC).</li><li>Strategic review of Matrix (Adam) and Proactis commissioning platform under way with a view to considering new arrangements.</li></ul>	<p><b>Tony Young</b></p> <p><b>Councillor Susan Elsmore, Social Care, Health &amp; Well-being</b></p>
<p><b>Performance Management</b></p> <p>A performance management culture is not embedded within the Council leaving the Council exposed to intervention by Welsh Government in line with the Local Government (Wales) Measure 2009 and associated requirements.</p>	<p>Reputational / Service delivery / Stakeholder</p> <ul style="list-style-type: none"><li>The strategic and corporate level changes do not have the intended impact because they are not fully embedded in operational practices.</li><li>Council unable to accelerate performance improvement as planned/desired.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>The Council's improved approach to the way it manages its performance was recognised by the Wales Audit Office's follow-on report, but it is also clear there is more work to be done to build on the success achieved so far. A Performance Management programme has been put in place to deliver the required change to address three key areas relating to Reporting, Planning and Challenge.</li><li>The project teams have ensured their work incorporates the requirements of The Well-Being of Future Generations Act 2015, and the managed transitions between the Local Government (Wales) Measure 2009 and the requirements of the new legislation.</li><li>Increasing the transparency with which we manage our performance</li><li>The Self-Assessment process has been established and fed into the SMT Corporate Plan workshop which identified high level key themes that link the Wellbeing &amp; Future Generations Act.</li><li>Consistent RAG ratings have been agreed and developed for Corporate Plan commitments</li><li>A consistent RAG methodology has been developed to enable a mathematical approach be applied to performance indicators</li><li>Directorate scorecards were introduced for the Quarter 2 performance report and presented to PRAP, these were well received and will continue to be used and developed</li><li>PSG (Performance Support Group) has been established. This group reviews the Quarterly Performance Report to identify where and how performance can be improved. The group also identify areas for further discussion at SMT</li></ul>	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>The Performance Management Framework and Strategy has been finalised. A soft launch has taken place via the Corporate Performance Team's Public SharePoint Page and will be officially launched in Quarter 3 The Framework will ensure greater effectiveness of planning and reporting, with clearer accountabilities and enhanced 'line of sight'. A cascading matrix system of reporting has been developed through DDPs, Service Plan Scorecard and the reporting framework to demonstrate the golden thread.</li><li>The high level Performance Management Framework documents are available on the Performance Team's Public SharePoint page</li><li>The Self-assessment process from 2016-17 has been built on and is being rolled out in September 2017. The outputs from this will be used to develop the Corporate Plan and the Directorate Delivery Plans.</li></ul>	<p><b>Christine Salter</b></p> <p><b>(Joe Reay)</b></p> <p><b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b></p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					<ul style="list-style-type: none"><li>Wellbeing objectives have been developed in line with the Corporate Plan development timeline and endorsed by SMT and presented to informal cabinet</li><li>A target setting process and pro forma has been developed to support the use of appropriate measure and accurate targets in the Corporate Plan and Directorate Delivery Plan</li><li>A new Directorate Delivery Plan template has been developed which also incorporates the Future Generations requirements and the 5 ways of working. This has been presented to PSG and the template has been endorsed by SMT</li><li>Reporting scorecards have been trialled by representatives of PSG. These were presented at PSG and were well received.</li><li>The Corporate Plan has been developed and approved by Full Council</li><li>A reporting framework has been developed that allows the right audiences to focus on the right level of detail to better aid decision-making. Some elements of this were used in the Q4 2016-17 performance reporting cycle and will be fully implemented for the reporting of performance for Q1 2017-18 to ensure robust reporting arrangements for the WBFG Act</li><li>A Directorate Delivery Plan template was developed, that incorporates the Future Generations requirements and the 5 ways of working. All directorates have developed these plans</li><li>Discussions have commenced with key representatives to further develop the self-assessment process which will contribute to the development of the Corporate Plan.</li><li>Service Level scorecards have been developed across the Council and combine planning and reporting elements. These Scorecards are used, where appropriate, to provide additional detail to supplement the reporting against the Strategic Directorate Priorities and the Corporate Plan Wellbeing Objectives</li><li>Directorate Delivery Plans were developed and in use from April 2017. They will be used and monitored throughout the year to ensure they represent a clear and up to date statement of what the directorate is aiming to deliver and the progress it is making</li><li>Building on the work carried out in 2016-17 a new quarterly reporting template has been developed in collaboration with key stakeholders.</li><li>A Members training session regarding the Performance Management Framework was developed and carried out at the end of the September.</li></ul>					
<b>Organisation Development</b>  OD projects fail to deliver the radical change required to deliver efficiency savings and service changes, due to service and resource pressures.	<ul style="list-style-type: none"><li>The Council's budget constraints are so severe that the consequence of not delivering large-scale change could have a major impact on customer services.</li><li>Radical changes to service delivery models may impact on the Council's reputation if not planned, co-ordinated and governed effectively.</li><li>If change is not delivered, there could be unplanned reduction in staffing to achieve savings, which would result in loss of business knowledge and resources to implement change.</li><li>Reputational impact if services do not meet increasing customer expectations.</li><li>If change is not effectively planned, managed and implemented it may be delayed and subsequently impact on the Council's ability to achieve necessary savings and service improvements.</li><li>With the increased budget pressures, the Council may not have sufficient capital and revenue to invest in technology which would achieve medium and long-term improvements and savings.</li></ul>	B	1	High Priority	<ul style="list-style-type: none"><li>Governance arrangements established, led by the Chief Executive and Programme Boards, chaired by Directors to ensure change is delivered</li><li>Disciplined approach, where risk assessment forms an integral part of the approach to change</li><li>Programmes initiated with dedicated resources</li><li>Experienced gained by managing programmes and projects over a number of years, building on lessons learned</li><li>Building capacity and capability across the organisation through development opportunities and skills transfer</li><li>Appropriate engagement and stakeholder management, including Trade Union meetings and updates for PRAP, Scrutiny and Internal Audit.</li><li>Continued implementation of Programme &amp; Project Management Database to enhance management information and reporting. Investment Review Board review/approve Business Cases and prioritise resources.</li><li>Organisational Development Board joined up with Senior Management Team who meets monthly to discuss the OD Programme. This ensures all Directors are fully engaged with the OD Programme.</li><li>OD/SMT Board approved Programme Briefs for Reshaping Services, Enabling &amp; Commissioning and all component programmes. Improved reporting for the OD Programme has been developed (Dashboard Reports) and implemented at OD/SMT Board. These reports are produced 4-weekly.</li><li>A review of the ODP is currently underway and a new change programme, with a clear focus on transformational change, to be in place by September 2017.</li><li>SMT receive monthly updates on the ODP via two dashboards. These contain details on new issues/risks, progress updates on projects, resources allocated to the programme and 'deep dives' on selected projects.</li></ul>	C	2	Medium Priority  (Red/Amber)	<ul style="list-style-type: none"><li>New Programmes &amp; projects being initiated as part of Organisational Development – driving change from within Directorates, but corporately governed.</li><li>A new change programme is being developed with SMT with a report to Cabinet planned for November 2017.</li><li>The current Organisational Development Programme will be closed down with programme closure reports being developed by the end of quarter 3.</li><li>There will be a requirement to migrate some projects from the ODP into the new change programme. This will be done in consultation with SMT.</li><li>A criteria for how projects will to be accepted into the new change programme will be developed with SMT.</li><li>Governance arrangements will be reviewed to ensure the projects within the new change programme are managed effectively.</li><li>A training programme for the OD Team has been put in place for 2017/18 to ensure both project management and business analyst's skills and knowledge are enhanced.</li><li>The structure of the OD Team will be reviewed to ensure it is able to deliver the new change programme.</li></ul>	<b>Christine Salter</b>  <b>(Dean Thomas)</b>  <b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b>



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p><b><u>Legal Compliance</u></b></p> <p>Changes in services and staff roles across the Council resulting in:</p> <ul style="list-style-type: none"><li>- gaps in Council wide knowledge of the local authority framework of responsibilities and duties within which we have to operate;</li><li>- inability to deliver the services in accordance with all duties and responsibilities due to lack of resource:</li></ul> <p>In each case leading to increased risk of challenges.</p> <p>Reduction and changes in front-line services, discretionary and statutory, will lead to increased risks of challenge from users and other stakeholders affected.</p>	<p>Reputational / Legal / Financial / Service delivery</p> <ul style="list-style-type: none"><li>• Increase in number of challenges and complaints with consequences in terms of already stretched resources and impact of adverse decisions</li><li>• Implementation of decisions delayed due to challenges and potentially fatally disrupted.</li><li>• Impact on projects if reputation for sound management and implementation of projects is damaged</li><li>• Major incident.</li><li>• Adverse press/media reaction</li><li>• Involvement from Welsh Government in terms of performance standards or measures.</li><li>• Increased costs</li><li>• Impact on capacity to deal with proactive legal work</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>• Professional internal legal and financial advice provided to a high standard.</li><li>• Maintaining robust decision making process with legal implications on all Council, Cabinet and Committee reports and Officer Decision Reports at Director level.</li><li>• Appropriate use of NPS Legal Services by Solicitors Framework to increase resilience.</li><li>• Dedicated teams in specialist areas e.g. equalities, FOI / DPA.</li><li>• Sharing training/publications received.</li></ul>	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>• Prioritisation of work to make best use of internal expertise (including programme of projects in accordance with SMT decision).</li><li>• Further development of standard precedents with guidance for use in cases of low value/low risk/repetitive matters.</li><li>• Provide legal training to Directorates to develop knowledge within Directorates of specific statutory functions.</li><li>• Encourage Directorates to ensure reports are discussed at preliminary stage in development to ensure all legal issues are addressed early.</li></ul>	<p><b>Davina Fiore</b></p> <p><b>Councillor Christopher Weaver, Finance Modernisation and Performance.</b></p>
<p><b><u>Education – Schools Delegated Budgets</u></b></p> <p>Secondary Schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools.</p>	<p>Reputational / Legal / Financial.</p> <ul style="list-style-type: none"><li>• Budget implications.</li><li>• Reducing educational standards.</li><li>• Intervention from WG</li></ul>	A	2	High Priority	<ul style="list-style-type: none"><li>• The 2017/2018 delegated budget allocations were issued to schools in early March 2017 and monitoring arrangements put in place for those schools showing financial concern.</li><li>• Officers from Education and Financial Services have started to work with individual schools through Headteachers and Governing Bodies to formulate Medium Term Financial Plans (MTFP) to seek to either balance individual school deficits within four financial years or to ensure that the accumulated deficits were frozen or slowed as much as possible.</li><li>• The previous fall in pupil numbers for certain schools made it clear that a longer period than four years was needed in order to achieve a balanced medium term position</li><li>• Officers continue to monitor and challenge those schools in deficit before allowing any additional financial commitments, both staffing and other expenditure.</li><li>• Work ongoing with all schools but focussed targeting on specific secondary schools to continue to dampen the growth in deficits and ensure that those that do occur are recoverable.</li><li>• Reviewing closely with Education Management Team and SOP in particular as to the opportunities available to address short medium term fall in pupil numbers for certain secondary schools</li><li>• For each school in deficit, the Council has identified a monitoring officer to provide an independent challenge to the school. This is in addition to the LFM Officer currently supporting that school</li><li>• Individual school budget monitoring positions reported to Education Management Team on a quarterly basis</li><li>• Officers have exercised the statutory powers of intervention in three secondary school governing bodies which is beginning to have a positive impact on the ability of the Council to ensure schools meet the targets set out in their deficit recovery plans.</li><li>• School Budget Forum has agreed a revised protocol for responding to schools in deficit and this needs regular review with a tightening on the number of deficit budgets accepted. This has been reflected in the harder message contained within the 2017/18 school budget letters and the 2017/18 Budget Report.</li><li>• Finance Officers continue to meet with Challenge Advisers to discuss individual schools in respect of their financial and school standard performance.</li><li>• The Council has been able to protect school delegated budgets over and above the Welsh Government threshold and a smaller number of schools than in 16/17 have been identified as requiring meeting with S151 officer and senior education officers. These meetings took place in April and early May.</li><li>• The Council will also introduce an increased level of scrutiny of school curriculum plans through support identified with the Central South Consortium.</li></ul>	C	2	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>• Council make full use, if necessary, of formal warnings and powers of intervention.</li><li>• Officers exercise the statutory powers of intervention on a school or schools in deficit who are unable to provide a medium term financial plan, this may involve removing delegation from a Governing Body.</li><li>• Officers explore through the School Organisation Planning process how different organisational arrangements for schools would affect the supply of pupils to schools thus affecting their delegated budgets. This will include an understanding of the long term impact of any unused school supply places on the funding formula.</li><li>• Work is continuing with the School Budget Forum and consortium to ensure that the formula funding mechanism is transparent and remains fit for purpose whilst considering any interaction or impact of any grant allocation decisions.</li><li>• Maintaining the need for financial probity whilst ensuring that each school has the opportunity to improve school standards.</li><li>• Working with consortium to ensure that maximising value from constituent parts of Education Improvement Grant is secured and that there is clarity of allocation mechanism for 2017/18 and beyond.</li><li>• Following consultation with the School Budget Forum to undertake an audit during the Summer Term 2017 to identify the actual impact of the schools budget settlement at individual school level.</li><li>• Developing the medium term budget strategy for 2018/19 and providing early notification to budget forum and individual schools of likely impact of said strategy.</li></ul>	<p><b>Nick Batchelar</b></p> <p><b>(Neil Hardee)</b></p> <p><b>Councillor Sarah Merry, Deputy Leader &amp; Education, Employment &amp; Skills</b></p>
<p><b><u>Fraud, Bribery and Corruption</u></b></p> <p>Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched.</p>	<p>Reputational / Financial / Legal / Service delivery / Stakeholder</p> <ul style="list-style-type: none"><li>• Increase in frauds and losses to the Council.</li><li>• Reputational risk as more frauds are reported.</li><li>• Increased time investigating suspected fraud cases.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>• The Council communicates a zero tolerance approach to fraud, bribery and corruption.</li><li>• Regular review of relevant policies and procedures e.g. the Fraud, Bribery and Corruption Policy, Money Laundering Policy and Disciplinary Policy.</li><li>• Financial Procedure Rules and Contract Standing Order and Procurement Rules frameworks for staff to follow.</li><li>• Dedicated team of professionally trained and experienced investigators to prevent deter and detect fraud against the Council.</li></ul>	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>• Fraud Team to liaise with the Monitoring Officer and agree a policy for monitoring employees at work and a management framework for its enactment.</li><li>• Fraud Team to liaise with Monitoring Officer to produce a policy for undertaking online investigations.</li><li>• Continue to deliver the mandatory face to face training for Investigating Officers, Presenting Officers and Disciplinary Hearing Chairs.</li></ul>	<p><b>Christine Salter</b></p> <p><b>(Ian Allwood)</b></p> <p><b>Councillor Christopher Weaver,</b></p>

Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
					<ul style="list-style-type: none"><li>Proactive work on National Fraud Initiative exercises led by the Internal Audit team, in collaboration with the Cabinet Office and Wales Audit Office.</li><li>Receipt and dissemination of fraud intelligence alerts from law enforcement agencies.</li><li>Regular reports to the Section 151 Officer and Audit Committee and the Chief Executive.</li><li>Audit Committee review and assess the risk management, internal control and corporate governance arrangements of the authority.</li><li>Independent assurance from Internal and External Audit on the effectiveness of governance, risk and control.</li><li>Procurement team compliance role relating to contract procedure rules.</li><li>Savings proposals are reviewed and supported by a robust business case and process in consideration of risks to the operation.</li><li>Ongoing delivery of briefings to Schools on fraud and control risks.</li><li>Cardiff Manager Programme includes session on risk management and compliance / control.</li><li>Senior Management Assurance Statements – challenge to Directors and the Chief Executive.</li><li>Provision of disciplinary management information on DigiGov.</li><li>Multi-team collaboration in the development of the updated Disciplinary Policy and supplementary guidance materials.</li><li>Mandatory disciplinary e-learning module for all managers to complete and a programme of mandatory e-learning modules and training for Disciplinary Hearing Chairs, Investigating Officers and Presenting Officers.</li><li>Reported to Audit Committee September 2016, raising awareness of the three documents published by CIPFA and an Executive Summary on Fighting Fraud and Corruption Locally.</li><li>A Fraud Publicity Strategy has been approved, to publicise the Council's approach to counter fraud work / sanction activity and explain the roles and responsibilities of key parties.</li><li>A Prosecution Policy has been in place since mid-2016.</li></ul>				<ul style="list-style-type: none"><li>Develop and deliver a programme of training for investigatory interview note takers.</li><li>Review process for ensuring appropriate fraud, bribery and corruption awareness for Council officers.</li><li>Continued delivery of Cardiff Manager Programme.</li><li>Fraud Team to review a sample of Disciplinary Hearing outcomes, challenge consistency of disciplinary sanctions and report findings to the Section 151 Officer and Audit Committee.</li><li>HRPS to enhance DigiGov to facilitate changes introduced by the new Disciplinary Policy and the production of management information, by the end of quarter 2 2017/18.</li><li>Measure the effectiveness of fighting fraud and corruption against the CIPFA strategy by the end of Q2 2017/18.</li><li>Undertake a skills assessment of the investigation team and invest in training as appropriate.</li></ul>	Finance Modernisation and Performance.
<b>Asset Management</b>  Ensure effective operation of the Council's Asset Management Board achieve effective strategic oversight and identified savings.	Reputational / Legal / Financial / Health & Safety / Stakeholders <ul style="list-style-type: none"><li>Poor use of assets / VFM.</li><li>Lost opportunity for capital receipts.</li><li>Increased maintenance.</li><li>Prosecutions / fines.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>Cabinet formally approved a new Property Strategy in November 2014.</li><li>Corporate Asset Management Board and supporting Working Group now set up to raise property profile and introduce more structured, disciplined approach to management of property and the Office Accommodation Rationalisation Programme.</li><li>Established rolling programme of 'Fitness for Purpose' reviews of all council properties providing high level assessment of the current performance and value of buildings.</li><li>Carbon Management / Energy Efficiency - Certificates / General Awareness / Introduction of Energy Renewables Strategy.</li><li>Established Implementation Plan for the new Property Strategy.</li><li>Determined governance and work programme updates for new Corporate Asset Management Board at meeting in January 2015.</li><li>Review of Investment portfolio completed. Report on future strategy and direction of non-operational estate presented to PRAP in January 2015 for onward consideration by Cabinet in June 2015.</li><li>Asset Management Plan considered by Cabinet in July 2015.</li><li>Future Strategy and direction of the Council's non – operational Investment Estate approved by Cabinet in November 2015.</li><li>Asset Management Board and Partnership Board fully operational.</li><li>Delivered targets in Corporate Asset Management Plan in 2015-17 as follows:<ul style="list-style-type: none"><li>Gross internal floor area reduced by 3.5%</li><li>Maintenance backlog reduced by @£4.4m</li><li>Running cost reduced by £1m</li></ul></li><li>Delivered £6.7 million capital receipts</li><li>Corporate Asset Management Plan 2016/17 considered by Cabinet in July 2016.</li><li>A property investment board has been established comprising officers from Strategic Estates, Capital and Revenue Accounts and also an external property advisor. The external property advisor was appointed in March 16.</li><li>Advisor appointed in Q1 to assist with the review of all investment assets and to develop an Investment Estate Strategy.</li><li>Completed Insole Court community asset transfer (CAT), which was the largest CAT in Wales.</li><li>Progressing Corporate Asset Management Plan targets. In quarter 2 we achieved a 0.9 reduction in GIA, 2.2% reduction in running costs, £3,054,000 reduction in maintenance backlog, and £2,401,710 in capital receipts.</li><li>Inaugural Investment Estate Strategy completed. Approved by Cabinet and Scrutiny.</li><li>Regular monthly Investment Estate Board meetings are taking place to manage implementation of the Strategy.</li><li>On course to achieve the 5 year Corporate Property Strategy targets by April 2020. CAMP achievements for 2016/17 - 7.9% reduction in GIA (617,593 sqft), 9.2% reduction in running costs (£3.3m), £4,500,000 reduction in maintenance backlog and £6m capital receipts.</li></ul>	D	2	Medium Priority  (Amber/ Green)	<ul style="list-style-type: none"><li>Asset Management software project progressing within Corporate Landlord programme (Assets Management stream). A business case will be presented to Investment Review Board at the end of quarter 3.</li><li>Recruited a post to manage the Investment Estate Portfolio. Work progress on the review of the estate and transaction property deals.</li><li>The Corporate Asset Management Plan (CAMP) for 2017/18 will be published in quarter 3.</li></ul>	Neil Hanratty  Councillor Russell Goodway, Investment & Development.



Risk Description	Potential Consequence	L	C	Inherent Risk	Current/Existing Controls	L	C	Residual Risk	Proposed Management Action	Risk Owner
<p><b>Workforce Planning</b></p> <p>Importance of forecasting and planning to build capability and capacity for the future is not fully recognised and embedded.</p>	<p>Reputational / Financial / Stakeholder / Service delivery</p> <ul style="list-style-type: none"><li>Poor service delivery due to ineffective use of resources.</li><li>Lack of resources with the knowledge and skills the Council requires for future delivery</li><li>Loss of resources and recruitment problems.</li><li>Poor morale</li><li>Loss of experienced staff members including managers</li><li>Reduce the likelihood of attracting high calibre managers to Cardiff Council</li><li>Risk of not meeting statutory and legislative requirements in relation to specific workforce requirement e.g. social care.</li><li>Risk of workforce not representing the communities to which services are delivered.</li></ul>	B	2	High Priority	<ul style="list-style-type: none"><li>Workforce Strategy developed and agreed by Cabinet in April 2015 and programme developed to encompass a number of projects relating to the requirements around this risk, including Workforce planning, Learning &amp; Development, PPDR review and Employee Voice.</li><li>The Workforce planning project has a completed project brief identifying a number of key outputs</li><li>Workforce planning dashboard data provided to each Directorate to inform Directorate Delivery Planning discussions and development.</li><li>Research and benchmarking undertaken to help inform WFP approach going forward; including – attendance at WLGA – Work Force Planning Wales event - LGA/ Skills for Local Government hosted COP event.</li><li>HR working with Directorates where required, to help identify appropriate strategies to support their WFP agenda.</li><li>Children's Services have developed a Workforce Strategy for their area which is being reviewed on a regular basis.</li><li>Resources have held a workshop which focussed on Professional and Technical areas to inform the key skills required for the Directorate going forward.</li><li>Work has taken place with Cardiff and Vale College to roll out an Essential Skills diagnostic tool to frontline employees through Commercial Services</li><li>A programme of NVQ study is been discussed with Cardiff &amp; vale College and Commercial Services are coming forward with cohorts of employees to attend.</li><li>Employee surveys carried out to identify areas where further employee engagement / development can be focused.</li><li>Work has been carried out with WLGA and WAO to look at a Wales wide workforce planning process for use within Local Authorities.</li><li>Project brief for Workforce Planning provides full details of milestones and implementation dates.</li><li>A review of the courses provided by the Cardiff Academy has taken place to ensure that these meet the skills requirements for the future.</li><li>The Council is committed to providing apprenticeships and traineeships for young people and this programme will be enhanced further with a specific target of 100 opportunities for 2017/18.</li><li>Workforce planning tool kit has been rolled out to pilot areas and workshops taking place between May and September 2017</li></ul>	B	3	Medium Priority (Red/Amber)	<ul style="list-style-type: none"><li>The Council is reviewing its resourcing strategies to ensure that it is a considered employer for young people leaving school, college and universities.</li><li>Recruitment advertising to be reviewed and processes put in place to ensure that adverts are reaching hard to reach groups</li><li>Work is taking place to identify areas where the employee group is not representative of the communities and actions identified of what could be done to improve this</li><li>Actions being taken to improve the accessibility to Welsh language either through the recruitment process or through the training and development of current employees</li><li>Development to take place of a corporately agreed skills set for the future delivery of services so that all employees and posts can be measured against this skill set to identify learning and development gaps</li><li>Full rollout of Workforce planning toolkit to take place in 2018/19</li><li>An IT solution to be sourced during 2017/18 in order to develop workforce planning further and to ensure that the Council has available the data it requires to ensure efficient workforce planning in the future.</li></ul>	<p>Christine Salter</p> <p>(Philip Lenz)</p> <p>Councillor Christopher Weaver, Finance Modernisation and Performance</p>

This page is intentionally left blank



**The County Council of the City and County of Cardiff**  
**Audit Committee 27 November 2017**  
**External audit update**

**1. 2016-17 Accounts financial audit**

- The Council approved the accounts of the Council (and group), Pension Fund, Port Health Authority and the Harbour Authority on 28 September.
- The audit certificates, including the certificate of completion of the audit, were signed on behalf of the Auditor General on 29 September. The Council published the accounts before the 30 September statutory deadline.
- The annual returns of the joint committees (Glamorgan Archives, Project Gwyrdd and City Deal) were also completed and signed, with no issues noted. .
- We have also signed off the Council's Whole of Government Accounts return (which the Council completes using the signed accounts). However due in part to technical issues with the consolidation pack itself, the audited return was submitted on 12 October after the required deadline of 3 October 2017.
- There is no outstanding work from the 2016-17 financial audit of the accounts.

**2. 2016-17 Grants audit work**

- As noted previously, the Council is part of a pilot project with the Welsh Government, WAO and three other councils. The pilot involves auditing a financial summary, as well as the outcomes delivered from grant monies.
- The financial summary work was completed and audited within the required deadlines.
- The outcomes work is ongoing and, as we would expect from piloting a new approach, there have been some teething problems. However, we are working well with the Council to come up with practical solutions and this element of the work is progressing.
- Our work on other grants (Housing Benefits, Teachers Pension Fund and Non-Domestic Rates) is largely complete and we anticipate certifying these returns by the end of November 2017 as planned.

**3. 2017-18 Performance audit work**

- Scrutiny for the future work is underway. This includes observations, focus groups and interviews. The review is exploring whether the Council's overview and scrutiny function is well placed to respond to current and future challenges. This review is being undertaken across all Welsh councils. A local report will be issued to the Council and regional seminars will be arranged.
- Service user perspective review – we have agreed with officers that this will focus on the Council's housing tenants and will tie into local work we will do on the Welsh Housing Quality Standard. Discussions are ongoing with officers to plan this work. The service user perspective review is being undertaken at all Welsh council but the subject matter may differ at each council.

- Aligning levers of change workshops – we are discussing the scope of these workshops with officers taking account of activities already undertaken by the Council.
- Well-being of Future Generations Year One commentary – the focus of the project will be on understanding how the 44 public bodies are beginning to respond to the requirements of the Act. We have received the completed call for evidence from the Council and met with the Chief Executive to discuss this. We are meeting with the Leader on 17 November. A national report will be published in March 2018. The national report will set out how public bodies are responding to the Act and identify examples of notable emerging practice.
- Performance audit compliance certificate was issued to the Council on 13 November.
- We will provide a further update to the next Audit Committee meeting in early 2018.

#### **4. 2017-18 Accounts financial audit**

- We have already met several times with Council finance staff to share learning from the 2016-17 accounts and audit processes. In addition, Council and WAO staff attended a WAO Good Practice Exchange seminar looking at practical ways for the faster closing of financial accounts. Our joint aim is to make improvements to processes now and we have jointly identified a number of improvements to working papers, close down timetables, and streamlining of the accounts for 2017-18.
- There will be a change of Audit Manager for the 2017-18 audit. Matthew Coe is going on a 12-month secondment to South Wales Police to work with them on improving financial systems, supporting collaboration across Wales and developing outcome measures. The new Audit Manager will be Phil Pugh and there are no changes to the Engagement Lead (Ann-Marie Harkin) or the main accounts Team Leader (Jon Martin).

**Matthew Coe**  
**Financial Audit Manager**

**Sara-Jayne Byrne**  
**Local Government Performance Audit Manager**

**15 November 2017**

**CITY OF CARDIFF COUNCIL  
CYNGOR DINAS CAERDYDD**

**AUDIT COMMITTEE:**

**28 November 2017**

---

**TREASURY PERFORMANCE REPORT – POSITION AT 31  
OCTOBER 2017**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9.1**

---

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

**PORTFOLIO: CORPORATE AFFAIRS**

**Reason for this Report**

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared to provide Audit Committee Members with performance information and a position statement on Treasury Management as at 31 October 2017.

**Background**

3. Appendix 1 provides the Committee with position statements on investments and borrowing at 31 October 2017. There is little change for Audit Committee to note since the previous position statement for 31 August 2017 received by Audit Committee in September 2017.

**Performance**

4. At 31 October 2017, investments total £54.5 million. This includes £12.2 million, which is currently being separately identified for Treasury Management purposes in relation to Grant received by Cardiff Council as accountable body on behalf of the Capital Cardiff Region City Deal. The budgeted level of interest receivable from treasury investments in 2017/18 is £360,000.
5. Borrowing is £671.9 million, with the average rate being 4.72%. The total interest forecast to be payable is projected at £31.9 million for 2017/18, but if borrowing is not undertaken or taken later in the year, then the value of interest expense will be lower.

6. The projected level of internal borrowing at 31 March 2018 is £65 million. This is dependent on capital expenditure in the year as well as the way in which that expenditure is to be paid for.

## Investments

7. Pages 2 and 3 of both Performance Reports consider the position on investments. The charts on the Performance Report show the position at a point in time and investments continue to be closely monitored.
8. The current investments list details each investment, the interest rate, the start date and maturity date. They also link this back to the credit criteria approved by Council in February 2017 by a colour coding which indicates the perceived strength of the organisation.
9. The balance of investments is at a point in time and will fluctuate depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants, capital receipts etc.
10. The charts that surround this table provide additional information and the key areas to highlight are shown below.
  - **Counterparty Exposure** displays actual investment against the maximum permitted directly with an organisation – This demonstrates that we are not exceeding any exposure limits.
  - **Remaining Maturity Profile of Investments.** Maturities of investments have been spread to achieve a balanced profile.
  - **Investments by Institution.** This expresses the investments held with different institutions as a percentage of the total. It can be seen that investments remain diversified over a number of organisations.
  - **Geographic Spread of Investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria.
  - **Investments by Financial Sector.** The majority of investments are with banks.

## Borrowing

11. Since the August 2017 performance report a £1.5 million interest free loan from WG for town centre regeneration has been included.
12. Whilst interest rates for investments remain low, borrowing will be deferred as this allows short term savings to be made. Current assumptions are that an element of the Council's borrowing requirement would be taken in the last quarter of this financial year

## Reason for Report

13. To provide Audit Committee Members with a performance position statement at 31 October 2017.

## **Legal Implications**

14. No direct legal implications arise from this report.

## **Financial Implications**

15. Treasury management activities undertaken by the Council are governed by a range of policies, codes of practice and legislation. This report and appendices indicates the treasury management position at one point in time and makes a number of assumptions in forecasts that will be updated in future reports. The report provides a tool for indicating to Members the treasury position. Future reports will highlight main changes since this report.

## **RECOMMENDATIONS**

16. That the Treasury Performance Report for 31 October 2017 be noted.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**18 November 2017**

*The following appendix is attached*

Appendix 1 – Cardiff Council Treasury Management Performance Report – 31 October 2017

This page is intentionally left blank



By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

## **AUDIT COMMITTEE: 28 November 2017**

### **INTERNAL AUDIT PROGRESS REPORT, 2017-18**

#### **REPORT OF THE HEAD OF FINANCE**

#### **AGENDA ITEM: 10.1**

**Appendix C of the report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

#### **Reason for this Report**

1. Audit Committee's Terms of Reference requires that Members consider reports from the Audit Manager on Internal Audit's performance during the year.
2. This report has been prepared to provide Audit Committee Members with an update on the work of the audit team as at 27<sup>th</sup> October 2017, for the current financial year.

#### **Background**

1. An Audit Plan is prepared each year in order to provide a measure of the work performed by Internal Audit function. It is important that the plan allows for flexibility so that professional judgement can be applied to enable work to be prioritised over the life of the Plan, in order to maximise the use of audit resources and add most value to the organisation in targeting changing risks.
2. The Head of Finance prepares quarterly and half-yearly progress reports, outlining the work undertaken by the audit team.
3. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained as the Head of Finance reports functionally to the Audit Committee for all audit-related matters. The Head of Finance reports administratively and otherwise professionally to the Corporate Director Resources.
4. The progress report is discussed with the Corporate Director Resources to provide a meaningful update on the work of the team and to give the opportunity to discuss changing priorities. The Progress Update is then presented to Audit Committee.

#### **Issues**

5. The Internal Audit Progress Report, set out at Appendix A, provides further detail of the performance of the audit team and with particular reference to the Audit Plan. The progress update outlines the challenges facing the audit team, the remedial action already taking place and the information provided to Audit Committee in order to provide it with the assurance that appropriate internal controls are covered. The progress update provides the key points in the following paragraphs.

6. As reported at the previous Audit Committee, a significant amount of audit working days was lost during the first four months of the year due to sickness absence and a vacant Principal Auditor post. There has been one day of sickness absence since the last Committee meeting. As reported previously, a temporary Auditor is in post until 31<sup>st</sup> January 2018 and the contract for the Auditor covering maternity has been extended until 31<sup>st</sup> December 2017. In addition, the vacant Principal Auditor position has been put out for recruitment again with a more targeted campaign and a verbal update will be given at the meeting.
7. As reported to the last meeting, a review was carried out to ascertain if there were opportunities to reduce the number of days on assignments, without compromising the scope of the audit plan. This review resulted in freeing up 180 days. Following the last meeting, members agreed the change to the audit plan. The incorporated changes are included in the plan being reported to this Committee, at Appendix B. Following discussions with management in the directorate concerned, it is proposed to defer one additional audit (housing rents) due to changes being made ahead of the implementation of universal credit, and this will release an additional 10 days.
8. The main pieces of work undertaken since the last committee meeting have been the thematic reviews of payroll and commissioning & procurement, along with income (schools only). No major issues have been noted in the review of payroll, and the major finding for commissioning & procurement concerned the planning and monitoring of contracts. This had already been anticipated from other work that had been undertaken by the audit team, and supports the current review of the Council's Contract Standing Orders and Procurement Rules.
9. The review of income in schools indicated that the majority of schools in the sample selected for review (24) have processes in place for income management that would benefit from either the updating of policies and controls and/or the amendment of existing processes to address specific control weaknesses.
10. Appendix C sets out in detail the audit recommendations issued in this year and the progress to date in implementing them. Progress to date shows that 50% of the recommendations agreed have been implemented. This information has been provided by regular updates from directorates. Where directorates have not provided any information by the deadlines given, then these will be reported as part of the audit progress update. Whilst it is pleasing to note that all recommendations have been commented upon, there will be continued emphasis on the need for audit recommendations to be completed within the agreed timescales.
11. The output from the performance indicators from the CIPFA Internal Audit benchmarking group was included in the report to the last meeting of this Committee and the results from the Welsh Chief Auditor Group is included in this report. Information from the Core Cities group will be reported to Audit Committee when the results are received later in the year.
12. Work has begun on the proposed audit plan for 2018/19, and a draft plan will be brought to Audit Committee in January 2018 for discussion. Members may also be aware, from the Council's on-going budget consultation for 2018/19, that it is proposed to reduce the employee budget for the Internal Audit section by £36k (the equivalent of one FTE). The saving will be achieved by the further refocusing of priorities within the section.

## **Legal Implications**

13. There are no legal implications arising from this report.

## **Financial Implications**

14. The actions taken in terms of resource as set out in paragraph 6 can be contained within the overall budget for Internal Audit.

## **RECOMMENDATIONS**

15. That the Committee notes the contents of the report and the proposed change to the audit plan for 2017/18 to address the shortfall in audit days.

**IAN ALLWOOD**  
**HEAD OF FINANCE**  
28 November 2017

The following is attached: **Appendix A:** Internal Audit Progress Report, 2017-18  
**Appendix B:** Revised Internal Audit Plan  
**Appendix C:** Schedule of Audit Recommendations

This page is intentionally left blank



## RESOURCES DIRECTORATE INTERNAL AUDIT TEAM

# Internal Audit Progress Report (As at 27<sup>th</sup> October 2017)

<b><u>CONTENT</u></b>	<b>1</b>
<b><u>INTRODUCTION</u></b>	<b>2</b>
Background	2
Internal Audit Section Resources	2
Continuing Professional Development	3
<b><u>SUMMARY OF WORK PERFORMED</u></b>	<b>3</b>
<b><u>AUDIT PERFORMANCE AND ADDED VALUE</u></b>	<b>8</b>
Added value	8
Benchmarking	8
Processes	9
Recommendations implemented	9
External Assessment	10
Training provided	11
<b><u>SCRUTINY CORRESPONDENCE</u></b>	<b>11</b>
<b><u>FUTURE AUDIT PLANNING</u></b>	<b>12</b>
<b><u>CONCLUSION</u></b>	<b>13</b>
Annex A - Reports Issued to 27 <sup>th</sup> October 2017	<b>14</b>



# INTERNAL AUDIT PROGRESS REPORT

## 1. INTRODUCTION

### 1.1 Background

The Audit Committee at its meeting in March 2017 approved the Internal Audit plan for 2017/18. The plan is the framework for audit work in the forthcoming year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year. The Internal Audit Plan was reviewed and the amendments to the plan were approved at the Audit Committee meeting on 18<sup>th</sup> September 2017.

The Internal Audit plan for the Audit section for 2017/18 is made up of a total of 3,500 days (2,900 for the audit team and 600 for the investigations team): 2,519 chargeable days were agreed – 2,102 for the audit team and 417 for the investigations team (see separate report at item 10.2 of the agenda).

This report serves to provide an update on progress against the audit plan to 27<sup>th</sup> October 2017.

### 1.2 Internal Audit Section Resources

The Internal Audit section reports directly to the Head of Finance. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained as the Head of Finance reports functionally to the Audit Committee for all audit-related matters. In all other respects, the Head of Finance reports to the Corporate Director Resources.

As members will be aware from previous reports to this Committee, there were a number of occasions of sickness absence in the team for various reasons during the first four months of the year. This reduced the number of chargeable days worked for that period. Whilst there have been isolated cases of short term sickness over the last two months there have been no further loss of days that need to be recovered.

As previously reported, the team has had a vacant Principal Auditor post this year and, although a short gap in recruitment had been anticipated when the plan for 2017/18 was developed, the post has been readvertised on three occasions but proved unsuccessful. A further recruitment exercise has commenced, with adverts placed both internally and externally (via the IIA); the



advert has generated a number of applications and interviews are planned for early December 2017.

The previously reported arrangement remain in place where an agency appointment has been made until 31<sup>st</sup> January 2018 in addition to the extension of a maternity cover by a further three months until 31<sup>st</sup> December 2017.

### 1.3 Continuing Professional Development

The section's 2016/17 Personal Reviews, which evaluate performance, were completed by the deadline given (31<sup>st</sup> May 2017) with the two outstanding being completed very shortly after their return from long-term sickness absences.

The Council has a new Personal Review Scheme from April 2017 and we have used this to reinforce the focus on improvement in productivity and recommendations implemented. The new objectives for 2017/18 underpin the work of the internal audit section and were discussed and agreed with the members of the Section by the end of June 2017.

The half year reviews are underway and will be completed by the deadline given (30<sup>th</sup> November 2017). In readiness for the half year review, each auditor has reviewed themselves against the team's skills matrix (which is based on the CIPFA document "The Excellent Internal Auditor") to assess progress against their individual planned objectives and that of the team. The matrix also includes sections on the use of key systems such as Excel, SharePoint and Word and the information from the skills matrix will help identify areas for further training and development.

The Performance Review process and the self-assessment against skills and competencies is a cornerstone of the Quality Assurance Improvement Plan for the section. In addition, the Cardiff Internal Audit Section is an active member of the Welsh Chief Internal Auditors group and support attendance at training events held.

## 2. SUMMARY OF WORK PERFORMED

The Audit Plan for 2017/18 set the scene for audit coverage for the year and the planned assignments have been set up in the audit planning, monitoring and control database. Priority had been given to any audits planned for 2016/17 but not completed during that year.

All auditors are allocated three months' work at the beginning of each quarter, with the expectation that their assignments will be effectively managed and delivered within that time scale. This approach focuses on outcomes and is improving performance and timeliness of reporting.

This progress report concentrates on audit work undertaken and some key performance indicators to date. A full Plan v Actual position is provided at **Appendix B** and includes recommendations to changes to planned coverage, taking into account the need to review available resources due to sickness, the enhanced productive time of agency workers and areas identified from work of other scrutiny committees. It also shows the position with each audit as at the end of October 2017.

As Members will be aware, a reduction in the audit plan of 250 days was agreed at the meeting in September to reflect the working time lost by sickness absence and the principal auditor post vacancy. Members will also know that the contract of the temporary ICT auditor has been extended to 31<sup>st</sup> December 2017 and an agency worker has been engaged to undertake work until the end of January 2018 to undertake high risk assignments; the position will be reviewed again over the forthcoming weeks in order to provide assurance that the reduction in input days does not result in a fall in the coverage for the audit plan and a further update provided to the January meeting.

The number of chargeable days allocated to audits to 27<sup>th</sup> October 2017 is 824 (against a pro-rata plan of 1,212 days based on the original plan), which is 68% of the planned chargeable days. The resource limitations of the early part of the year have already been documented along with the remedial action proposed and implemented and, based on the reduced number of chargeable days, the percentage is 77%.

A major component of the 2017/18 Audit Plan were five thematic reviews. Each Directorate would be considered in respect to commissioning and procurement, payroll, governance and effective decision-making whilst income was added for Education only. As each thematic review is completed, the results will be contained within the Audit Progress report.

In accordance with the timetable agreed at the last meeting in September, the main points identified from the thematic reviews for payroll, commissioning & procurement and income

(Education only) are set out below. There are matters that have arisen from the reviews that are individual to the directorate, and these will be included in the reports to the directors concerned (and included in the recommendation tracker).

(a) Payroll

The objective of this thematic audit was to assess the adequacy and effectiveness of the system of internal controls designed to mitigate risks relating to payroll. The audit scope included the processes for starters, leavers, variations to pay, timeliness of variations approvals and regular checking of employees to the establishment list.

Samples from the highest additional payments were selected to test processes in the Directorates. Interviews with Payroll officers and analysis of the samples show that roles are clearly defined, segregation of duties and controls are in place between HR People Services, Payroll and the Directorates. Detailed findings will be raised with management through the audit reporting process, but no major areas of concern have been noted and few recommendations (other than best practice) made so far. Once the reports have been finalised, the recommendations made will be included on the recommendation tracker.

In schools, the objective also included the appropriate delegation of responsibilities to the Head Teacher and the documentation of processes for the administration of payroll at each school in the sample selected. Documents provided to Audit as supporting information for the CRSA process for payroll confirmed that schools are following the Council's corporate processes in relation to payroll and governance. There is, however, a variance in the type and quality of documentation used by the schools and, therefore, the information contained within the documents in some instances. For example, the information used to request overtime payments for staff is not always fully completed. Where variances have been noted, findings will be issued to schools in the form of action plans to allow schools to consider the recommendations as part of the internal audit reporting process. However, most of the recommendations made so far are best practice recommendations and no major issues have been identified.

(b) Commissioning and Procurement

The objective of this thematic audit was to assess the awareness of, and compliance with, procurement policies, procedures and rules. Decision making was also to be reviewed and steps taken to ensure that budget monitoring and contract management were in place.

A working group had already been commissioned to review the Council's Contract Standing Orders & Procurement Rules and this audit provided an opportunity to test out assumptions and findings from that exercise. The auditors were aware that officers from Commissioning and Procurement had been liaising with officers in directorates for some time to refine processes and procedures, and the focus of the review was to ensure that these two important documents would continue to be fit for purpose by meeting the requirements of changing legislation (particularly EU and national policies) and service needs. The delivery of the new rules will enable Directorates to improve the planning and monitoring of their contracts, and to increase compliance with the rules. Detailed findings will be raised with management through the audit reporting process. The suggested changes to the Contract Standing Orders & Procurement Rules will be taken to Audit Committee for consideration in January 2018.

The findings of the audit review were that there is a need to improve oversight of contracts, at both Corporate and Directorate level, and to ensure that the accountability and responsibilities of Directorates and Commissioning & Procurement are clear. The latter will be fundamental in order to drive continuous improvement in the procurement processes. Findings from the thematic reviews are to be discussed shortly with the OM, Commissioning and Procurement, but the audits have not identified anything unexpected. It was already anticipated that opportunities for improvement would be identified in areas such as contract planning and management as these had presented themselves as control issues from 2016/17 audits, and the OM, Commissioning & Procurement has agreed that regular meetings between his officers and officers in the directorates would improve visibility of planned contracts and the allocation of scarce corporate resources..

Within Education, a sample of 25 schools was taken which considered documentary evidence used to support the governing body plus analysis of control, financial and procurement procedures to show that roles are clearly defined, duties segregated and controls are in place. The findings to date indicate that tendering procedures are being used in some schools, but there are also cases where there are no Governing Body-approved procedures for tendering and little understanding of the procedures that need to be followed to let contracts. It has been previously recognised that, as the Council is not permitted to mandate Contract Procedure Rules on schools, there is a need to improve the support provided to them and a need to ensure that the accountability and responsibilities of governing bodies are clearly set out. The latter will be

fundamental to drive continuous improvement in the procurement processes. Findings will be issued to schools in the form of action plans to allow schools to consider the recommendations as part of the internal audit reporting process.

(c) Income (Education only)

The audit sampled income management processes and procedures in 24 schools, and the findings of this review indicates that the majority of schools have processes in place for income management that will benefit from either the updating of policies and controls and/or the amendment of existing processes to address specific control weaknesses.

Detailed findings have been issued, with each school in the sample receiving a report and / or action plan for their consideration. Although the reports / action plans have taken some time to prepare (due to the number of schools included in the sample), the majority of the actions have been agreed. A summary report for the Director of Education is in the process of being drafted and the learning points will be disseminated to all schools in due course. The key points were discussed with Chairs of Governors at the recent meeting (as in paragraph 3.6 below).

Key information this quarter is shown at the end of this report (Annex A) which shows a list of audits reported for the period April until the end of October 2017 (time of writing this report). This includes assignments carried forward from 2016/17, which were prioritised accordingly in this year's Plan.

The opinions given in reports issued to the end of October 2017 are shown below. In addition to the reports that have been issued to audit clients, there are nine pieces of work currently being reviewed prior to being formally issued. These are not included in the table below, as the final assurance, opinion has not yet been confirmed.

	Number of reports	Opinion				No opinion given
		High Assurance / Effective	Satisfactory / Effective with opportunity for improvement	Limited / Insufficient with major improvement needed	No Assurance / Unsatisfactory	
Draft reports issued	4	1	1	1	0	1
Final reports issued	28	5	8	7	0	8
<b>TOTAL</b>	<b>32</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>0</b>	<b>9</b>

The nine pieces of work undertaken that have not been given an assurance opinion are shown in the table below (with the one recently completed being shown in bold):

Audit	Comments
Welsh Language Standards	Briefing paper for consideration by Senior Management Team. Further, audit work to be considered after Q3.
Breakfast Club – Coryton Primary School	Briefing paper on the Breakfast Club provided at the request of the Head teacher.
Annual Returns (x 4)	Audits undertaken to support the Council’s Statement of Accounts.
Supporting People - Outcomes	A review of the outcomes information relating to the Supporting People grant (as required by the Welsh Government).
Illegal Money Lending Unit	Audit of grant for 2016/17 and submission of information to the NTSB.
<b>Education Improvement Grant</b>	<b>Audit of grant for 2016/17 and submission of information to the Welsh Government.</b>

### 3. AUDIT PERFORMANCE AND ADDED VALUE

#### 3.1 Added value

Meetings are arranged with every Director, in line with our Relationship Manager initiative, and should take place at the end of (or near to the end of) each quarter. Additional meetings are held to discuss the audit plan for the forthcoming year, and Directors find them useful in discussing audits completed and planned as well as directorate risks, issues and areas for potential audit input (as required in the PSIAS).

Where Directors postpone meetings, they are rearranged and meetings are now diarised with all Directors for the forthcoming 12 months.

#### 3.2 Benchmarking

The Audit team is a member of the Welsh Chief Auditors, Core Cities, and CIPFA benchmarking groups and has submitted information to all groups for 2016/17. Final information has been received from CIPFA and was reported to the Committee at the last meeting.

Draft information has been received from both the Welsh Chief Auditor and Core Cities groups, but is not fully representative, as it does not contain responses from all member authorities. Discussions have been held at recent meetings of these two groups to identify whether changes

should be made to the data being collected / timings of the exercises in order to ensure that the indicators remain relevant and provide useful comparative information for authorities. A further report will be presented to a future meeting of this committee when the outcome of these deliberations is known.

The draft information from the Welsh Chief Auditor group is based on information from 16 out of the 22 Welsh Councils. Key measures are shown in the table below:

Benchmark	Cardiff	Group average
Number of audit staff	14	8
Staffing cost per £'m gross revenue expenditure	£379	£762
Average cost per directly chargeable day	£208	£242
% planned audits completed	79	84
% audits completed within planned time	54	68
% directly chargeable time versus total available	77	68

These indicators show that, for percentages of both planned audits completed and audits completed in planned time, Cardiff is below the group average. Planning processes are being strengthened and each auditor reminded of the need to engage with the Group Auditor on assignments for advice and support. A further training session on engagement planning to reiterate the requirements of the PSIAS and to further develop lean processes has been diarised for the end of November 2017 and every auditor is required to attend.

### 3.3 Processes

Internal Audit has continued to develop its use of SharePoint, the Council's Electronic Document & Record Management System and is using a timesheet module on the Council's DigiGOV system for time recording. The management information available from both SharePoint and DigiGOV has been used to provide performance management information for each auditor and the section as a whole, as well as the information provided in this report.

### 3.4 Recommendations implemented

One of the objectives in 2017/18 from the Finance delivery plan is to ensure that accountability and responsibility is clearly defined and acted upon, and the measure for Internal Audit is the

percentage of recommendations implemented within three months. In order to measure this, the recommendations raised in each report are recorded on SharePoint and auditees are provided with a link to the report to enable them to update the progress made on implementing each recommendation. Schools remain unable to access SharePoint in this way and Headteachers are provided with a copy of the recommendations for them to update. Discussions remain on going with colleagues in Education regarding access permissions for Headteachers, with the possibility of using a different electronic solution to communicate with them.

The recommendations list on SharePoint is key information going forward in order to provide assurance to the Audit Manager and the Audit Committee that progress against the audit plan is being achieved as well as it being an effective way to assess the impact of the audit plan by identifying the % of audit recommendations implemented against those recommended. This is a good example of the reporting being more outcome focussed rather than focussing on inputs such as days available.

With regard to the implementation of recommendations as at the end of October 2017, it can be seen from **Appendix C** that 58 of the 116 (50%) recommendations raised so far in 2017/18 have been implemented. This would be expected at this stage of the year, as the deadline for some recommendations to be implemented have not yet been reached. For the recommendations raised where the implementation date has been reached, all have been actioned.

Auditors are also focussing on the recommendations that are being written to ensure that audit clients are clear on their responsibilities for improving controls. In addition, recommendations focus on the root causes of issues identified, so that managers understand the actions to be taken.

### 3.5 External assessment

Members will be aware that, under the Public Sector Internal Audit Standards (PSIAS), there needs to be an external review of the Section by 31<sup>st</sup> March 2018. The review was due to take place in Q4 2016/17 but was postponed with the agreement of the external assessor in order to allow for the changes in processes and procedures outlined at the March Committee to embed.



The review is ongoing in Q3 2017/18; meetings have been held with the external assessor and information has been provided to him to enable him to undertake the review. The outcomes of the review will be reported to a future meeting of this Committee.

Members will also be aware that, as part of the peer review process as agreed with most other Welsh councils; Cardiff is due to undertake the assessment of Swansea Council. An initial meeting with the Chief Audit Executive of Swansea Council has been arranged for December 2017 and supporting documentation requested.

### 3.6 Training provided

Internal Audit was asked to present at the recent Chairs of Governors meeting. The main areas included in the presentation by the Head of Finance were around the clarity of roles in schools, clarity of processes and ensuring that controls are in place; the opportunity was taken at the meeting to discuss the key findings identified in the income audit and to emphasise the importance of the controls being in place. The presentation was well received by the Chairs present. Internal Audit will also be part of the forthcoming training for new headteachers where these messages will be reinforced.

## 4. **SCRUTINY COMMITTEE CORRESPONDENCE**

At the March meeting of the Audit Committee, it was proposed that future progress reports included any relevant items arising from Scrutiny Committees. A review of the correspondence and matters discussed at the Council's Scrutiny Committees has shown a number of items to be considered as part of the work of Internal Audit in future quarters. The items are:

- (a) *Waste Enforcement fines* – this was discussed in the meeting of the Environmental Scrutiny Committee on 5<sup>th</sup> September 2017, where it was noted that some areas of Cardiff received a disproportionately high number of enforcement fines. This will be considered by Internal Audit as part of a wider value for money thematic review on enforcement in 2018/19 (to include fines and food hygiene as below).
- (b) *Sports Joint Venture* – an update on this was presented to the Economy and Culture Scrutiny Committee on 9<sup>th</sup> November 2017, and represents a partnership between Cardiff Metropolitan University and Cardiff Council. One of the priority objectives of the joint venture is Regional Sports Boards to provide a regional delivery mechanism. This will be considered as part of a thematic review of regional working in 2018/19.

- (c) *Residential Social Care Training Unit* – this was discussed at Community and Adult Services Scrutiny Committee in October 2017. Cabinet is to be asked to seek approval to establish the Unit and to seek authorisation to implement the business model, approach and functions of the Unit. Internal Audit will continue to monitor progress on the establishment of the Unit and the management of risks, and will consider including a review of this in the audit plan for 2018/19.
- (d) *Developing the schools' estate* – this was discussed at the meeting of the Children and Young People Scrutiny Committee in October 2017. Members of Audit Committee will be aware that Internal Audit is reviewing the School Organisation Programme during 2017/18 (the report for which is currently being drafted) and will consider further elements of the SOP programme for inclusion in the audit plan for 2018/19.
- (e) *Food hygiene* – the development of the service was discussed by the Environmental Scrutiny Committee in October 2017. This will be considered by Internal Audit as part of a wider value for money thematic review on enforcement in 2018/19 (to include fines and waste enforcement as above).

## 5. **FUTURE AUDIT PLANNING**

Members may be aware from the Council's 2018/19 budget consultation currently on-going that it has been proposed to reduce the employee budget of Internal Audit by £36k. This will be achieved by the further refocusing of priorities within the team, thereby allowing the reduction of one (FTE) post. The refocusing of priorities and the enhancement of risk-based approaches to audits will ensure that the Council's internal control environment is reviewed during the year, but that the plan remains flexible to address any risks that emerge.

Work has begun to develop the audit plan for 2018/19, using assurance mapping to identify areas that should be considered for inclusion in the plan. As part of the areas being considered, discussions have been held with the Wales Audit Office regarding the audit of the fundamental systems. These have, in the past, been audited annually (albeit using a CRSA approach); review of the results of previous CRSA exercises has shown that the risks in the systems are well controlled, with few recommendations raised.

It is, therefore, proposed that the audit of fundamental systems be done on a biennial basis; however, regular reviews will be undertaken during the year to ensure that risks remain well

controlled and risks minimised. If there are any changes to the control environment, an audit will be added to the audit plan.

In addition, following discussions with managers in Communities, Housing and Customer Services, the audit of housing rents will be deferred to 2018/19 due to the changes being made to the systems in view of the upcoming introduction of Universal Credit. However, audit will work alongside the service area during the development in order to assist in the implementation and provide early assurance of the appropriateness of the controls.

## **6. CONCLUSION**

Members will note that a number of factors has affected the work of the section, including sickness and vacant post. A plan has been put in to place to recover lost time by the use of agency and retention of temporary staff and it is the case that part of the recovery is through use of increased productivity of those staff retained and recruited. There has also been a thorough review of the audit plan in order to ensure resources available are used in an optimised manner. Whilst there is pressure on the audit team to achieve the plan there is confidence that the proposals put in place will ensure that the internal audit plan will be achieved and that an appropriate level of assurance will be achieved. A further report on the progress of the internal audit team and the audit plan will be brought to Audit Committee as scheduled in January 2018.

Reports Issued - as at 27<sup>th</sup> October 2017

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Fundamental / High				
NDR	Effective			
Council Tax	Effective			
Medium				
St. Cuthbert's	Limited	2	2	
St. David's	Satisfactory	1	1	
Welsh Language Standards	None given			
Adopted Land	Limited	3	3	
Mount Stuart	Satisfactory	1	1	
Eastern High	Satisfactory			
ICT – PCI DSS	Insufficient with major improvement needed	2	1	
Insurance	Effective			
VFM – sickness absence procedures	Effective			
Main accounting 2016/17	Effective			
Homecare (Mobile Scheduling)	Insufficient with major improvement needed			
ICT – Business Continuity and Disaster Recovery	Insufficient with major improvement needed	0		
ICT – governance	Effective with opportunity for improvement			
Cradle to Grave - Days	Effective with opportunity for improvement			Draft issued
Education – income	Various			Draft issued
The Court	Insufficient with major improvement needed			Draft issued
Education – payroll	Effective			Draft issued
Follow-ups				
Birchgrove	Satisfactory			
St. Monica's	Satisfactory	1	1	
All Saints	Limited	5	5	
Land Charges	Satisfactory			
Payments to Care Leavers	Limited	2	2	
Children with Disabilities	Effective with opportunity for improvement			
Grants / Accounts / External Bodies				
Joint Committee – City Deal	Annual returns (part of Statement of Accounts)			
Joint Committee – Port Health				

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Joint Committee – Prosiect Gwyrdd				
Joint Committee – Glamorgan Archives				
Supporting People - outcomes	Assessment of outcomes for Supporting People grant			
Illegal Money Lending Unit	Audit of grant for 2016/17 and submission of information to NTSB			
Education Improvement Grant 2016/17	Audit of grant for 2016/17 and submission of information to Welsh Government			
Ad hoc assignments				
Breakfast Club – Coryton Primary School	Audit undertaken at the request of the Head teacher			

This page is intentionally left blank

## Audit Plan 2017/18

Fundamental Audits - S151 Assurance	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	Revised Days
Creditor Payments & Processing (including procurement)	Assurance	Chargeable	75	CRSA 2017/18	10	Planned for Q4	10
				In-year testing 2016/17 and 2017/18	65	Testing on 2016/17 data ongoing. 2017/18 deferred to Q1, 2018/19	30
Payroll	Assurance	Chargeable	70	CRSA 2017/18	10	Planned for Q4	10
				In-year testing 2016/17 and 2017/18	60	2016/17 ongoing. Data also being used in thematic reviews	60
Council Tax	Assurance	Chargeable	15	CRSA 2017/18	5	Meeting arranged to begin audit in Q3	5
				In-year testing 2016/17	10	Final report issued	10
NNDR	Assurance	Chargeable	15	CRSA 2017/18	5	Planned for Q4	5
				In-year testing 2016/17	10	Final report issued	10
Local Housing Allowances	Assurance	Chargeable	15	Local Housing Allowances	15	Scope of audit being discussed with directorate	15
Treasury Management	Assurance	Chargeable	10	CRSA 2017/18	4	Researching and scoping	4
				In-year testing 2017/18	6	Planned for Q4	6
Main Accounting	Assurance	Chargeable	10	CRSA 2017/18	4	Planned for Q4	4
				In-year testing 2016/17	6	Final report issued	6
Income and Debtors	Assurance	Chargeable	30	Income and Debtors	30	Planned for Q4	30
Asset Management	Assurance	Chargeable	30	Asset Management	30	Planned for Q3 with reduced days	15
Housing Rents	Assurance	Chargeable	10	Housing Rents	10	Audit proposed to be deferred to Q2 2018/19 due to system / process changes	10
<b>Total</b>			<b>280</b>		<b>280</b>		<b>230</b>
Corporate Governance Assurance - Audit (Tier 1)	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	Days
Audit of risk management arrangements	Assurance	Chargeable	20	Audit of risk management arrangements	20	Fieldwork on-going	20
Audit of governance arrangements	Assurance	Chargeable	30	Audit of governance arrangements	30	Deferred	0
Audit of ethics and values	Assurance	Chargeable	15	Audit of ethics and values	15	Briefing paper discussed with Chief Executive	15
Audit of performance management	Assurance	Chargeable	15	Audit of performance management	15	Deferred until Q3 due to implementation of changes in processes	15
Audit of Information governance	Assurance	Chargeable	20	Audit of Information governance	20	Final report issued	20
<b>Total</b>			<b>100</b>		<b>100</b>		<b>70</b>
Programme and projects (including ODP)	Assurance	Chargeable	20	Programme and projects (including ODP)	20	Deferred due to changes in the OD programme	0
<b>Total</b>			<b>20</b>		<b>20</b>		<b>0</b>
Other Assurance (Tier 2)	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	Days
Contract Audit	Assurance	Chargeable	130	Revision of CSO&PR and training	15	Revision of rules is on-going. First draft being considered and workshops held	15
				CRSA 2017/18	10	Planned for Q4	10
				In-year testing 2017/18, including contract variations	35	Planned for Q4	35
				Effective Decision Making	10	Planned for Q4	10
				Cradle to Grave reviews (2)	10		0
				Cradle to Grave review - Days	0	Draft report issued	5
				Cradle to Grave review - Gullivers	0	Fieldwork	5
				GLL and other partnership working	50	Fieldwork	50
Education - SOP	Assurance	Chargeable	30	Education - SOP	30	Draft report being reviewed	30
Computer Audit	Assurance	Chargeable	100	Cybersecurity governance	30	Scope of audit being discussed (see below)	30
				Inventory of information assets	20	Scope of audit being discussed with Head of IT	20
				Standard security configurations	20	Planned for Q3	20
				Information Access Management	10	Planned for Q4	10
				Response and remediation	10	To be included in scope of cyber security review	10
				On-going monitoring	10	To be included in scope of cyber security review	10
				Server virtualisation	0	Carried over from 2016/17 - fieldwork continuing	0
				PCI DSS	0	Carried over from 2016/17 - audit closed	0
Driving Improvement - Value for Money studies	TBC	Chargeable	30	Business Continuity and Disaster Recovery	0	Final report issued	0
				Vehicle usage	10	Scope of audit being discussed	10
				Disciplinary process	5	Planned for Q3	5
				PP&DR process	5	Planned for Q3	5
				Sickness Absence procedures	5	Closed	5
				Discretionary grant payments	5	Fieldwork	5
System Development	TBC	Chargeable	30	System Development	30	Proposed to reduce the number of days to 15	15
Pensions and Investments	Assurance	Chargeable	10	CRSA 2017/18	4	Planned for Q4	4
				In-year testing 2016/17	6	Deferred until Q3 (see also scope of Resources - Effective Decision making review)	6
Insurance	Assurance	Chargeable	10	CRSA 2017/18	4	Planned for Q4	4
				In-year testing 2016/17	6	Final report issued	6
Mileage & subsistence	Assurance	Chargeable	10	Mileage & subsistence (including pool cars)	10	Deferred	0
Stores	Assurance	Chargeable	15	Stores	15	Planned for Q4	15
Business Continuity	Assurance	Chargeable	15	Business Continuity	15	Planned for Q3	15
<b>Total</b>			<b>380</b>		<b>380</b>		<b>355</b>

Service specific audits (Tier 2)	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	Days
City Operations	Assurance	Chargeable	120	Commissioning and Procurement	120	Fieldwork	30
				Governance		Fieldwork	20
				Payroll		Fieldwork	20
				Effective Decision Making		Planned for Q4	20
				Section 106 agreements		Fieldwork	10
				Not yet allocated		Not yet identified by directorate	20
				Adopted Land	0	Carried forward from 2016/17 - closed	0
Communities, Housing and Customer Services	Assurance	Chargeable	120	Commissioning and Procurement	20	Fieldwork	20
				Governance	15	Fieldwork	15
				Payroll	10	Fieldwork	10
				Effective Decision Making	20	Planned for Q4	20
				Leasehold Properties	15	Scope of audit being discussed with directorate (in line with audit of housing rents)	15
				Supporting People contracts	10	Planned for Q4	10
				Mini-tender Process	15	Planned for Q4	15
				Assessment of Return on Investment (new housing developments)	15	Deferred	0
				Community Hubs - follow up	0	Draft report being reviewed	0
				Regional Partnership Board	0	Possible new audit (Scrutiny letters)	0
				Communities First	0	Carried over from 2016/17. Audit ongoing (changes in governance)	0
	Consultation			Building Services Maintenance Framework	0	Attendance at meetings	0
Economic Development	Assurance	Chargeable	110	Commissioning and Procurement	20	Fieldwork	20
				Governance	5	Researching and scoping	5
				Payroll	5	Fieldwork	5
				Effective Decision Making	10	Researching and scoping	10
				Managing Lease Arrangements	10	Planned for Q4	10
				Use of Internal and External Providers	10	Planned for Q4	10
				Commercial Services	50	Scope of reviews being discussed with managers	50
Education and Lifelong Learning	Assurance	Chargeable	330	Commissioning and Procurement	40	Fieldwork	30
				Governance	40	Fieldwork	40
				Payroll	20	Fieldwork	20
				Effective Decision Making	40	Proposed to reduce the number of days to 30	30
				Income	30	24 draft / final reports issued to schools. Summary report prepared (see main report)	30
				Premises / stat observations in opted-out schools	20	Deferred to Q1 2018/19 (possibly Q4 2017/18)	0
				Music Service	10	Draft report being reviewed	10
				Catering in opted-out schools	15	Draft report being reviewed	15
				New developments, including Eastern High	35	Planned for Q3 / 4	35
				CRSA 2017/18	30	Annual exercise - ongoing and on track for completion by end of Q4	30
				Work in individual schools	50		45
				Adamsdown	0	Draft report being reviewed	5
				All Saints	0	Carried forward from 2016/17 - final report issued	0
				Birchgrove	0	Carried forward from 2016/17 - final report issued	0
				Eastern High	0	Carried forward from 2016/17 - final report issued	0
				Mount Stuart	0	Carried forward from 2016/17 - final report issued	0
				St. Cuthbert's	0	Carried forward from 2016/17 - final report issued	0
				St. David's	0	Carried forward from 2016/17 - final report issued	0
				St. Mary's	0	Audit undertaken at request of Headteacher. Draft report being reviewed	0
				St. Monica's	0	Carried forward from 2016/17 - final report issued	0
				The Court	0	Carried forward from 2016/17 - draft report issued	0
				School Admissions	0	Possible new audit (Scrutiny letters)	0
Governance and Legal Services	Assurance	Chargeable	20	Commissioning and Procurement	6	Postponed to Q4	6
				Governance	2	Planned for Q3	2
				Payroll	2	Draft report issued	2
				Effective Decision Making	5	Planned for Q4	5
				Use of external legal advice	5	Planned for Q4	5
				Land charges follow up	0	Carried forward from 2016/17 - final report issued	0
Resources	Assurance	Chargeable	50	Commissioning and Procurement	10	Fieldwork	10
				Governance	15	Researching and scoping	15
				Payroll	10	Draft report issued	10
				Effective Decision Making	15	Fieldwork	15
Social Services	Assurance	Chargeable	300	Commissioning and Procurement	50	Fieldwork	50
				Governance	50	Planned for Q3	50
				Payroll	20	Fieldwork	20
				Effective Decision Making	40	Proposed to reduce the number of days to 30	30
				ICT systems and associated procedures	40	Proposed to reduce scope due to changes in directorate	20
				Admin processes	30	Planned for Q4	30
				Domiciliary Care	30	Deferred at the request of the Director of Social Services	0



				Payment processes	40	Fieldwork	40
				Homecare (Mobile Scheduling)	0	Final report issued	0
				Children with Disabilities	0	Carried forward from 2016/17 - final report issued	0
				Payments to Care Leavers	0	Carried forward from 2016/17 - final report issued	0
Total			1,050		1,050		935
External (Tier 2)	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	
External clients	Assurance	Chargeable	10	Cardiff Further Education Trust Fund	1	Due in Q4	1
				Joint committees	3	Four audits undertaken. All closed	3
				Other external clients	14		14
				Norwegian Church Trust 2015/16	0	Due in Q3	0
				Norwegian Church Trust 2016/17	0	Due in Q4	0
				Supporting People outcomes	0	Audit of grant outcomes. Closed	0
				Education Improvement Grant	0	Draft report issued. Audit certificate signed.	0
Grants	Assurance	Chargeable	20	Tresilian House	2	Due in Q4	2
				IMLU	5	Final report issued	5
				Other grants	5		5
Total			30		30		30
Contingencies	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	
General Audit		Chargeable	82	General Audit	82	Days used for audits that were carried over from 2016/17	82
Total			82		82		82
Management (Tier 3)	Type of engagement	CIPFA classification	Original audit plan	Assignment	Days	Status as at 27.10.17	
Support for Audit Committee / liaison with WAO	Consultation	Chargeable	40	Support for Audit Committee / liaison with WAO	40	On-going and continuous	40
Assurance mapping	Consultation	Chargeable	20	Assurance mapping	20	On-going	20
CRSA development	Consultation	Chargeable	10	CRSA development	10	Proposed to be deferred	0
Work requested by Audit Manager	Consultation	Chargeable	20	Work requested by Audit Manager	20		20
Audit Planning and monitoring	Consultation	Chargeable	20	Audit Planning and monitoring	20	On-going and continuous	20
Process Development	Consultation	Chargeable	20	Process Development	20		20
Review of Financial Rules etc	Consultation	Chargeable	30	Review of Financial Rules etc	30	Revision of rules is on-going	30
Consultancy - advice and guidance	Consultation	Chargeable		Consultancy - advice and guidance		On-going and continuous	
Total			160		160		150
Total chargeable days			2,102		2,102		1,852

This page is intentionally left blank

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

**AUDIT COMMITTEE: 28 November 2017**

---

**INTERNAL AUDIT PROGRESS REPORT 2017/18 – INVESTIGATION  
TEAM**

**REPORT OF THE HEAD OF FINANCE**

**AGENDA ITEM: 10.2**

---

**Reason for this Report**

1. Audit Committee's Terms of Reference requires that Members consider reports from the Audit Manager on Internal Audit's performance during the year.
2. This report has been prepared to provide Audit Committee Members with an update on the work of the Audit Section's Investigation team, as at 27 October 2017.

**Background**

3. An Audit Plan is prepared each year in order to provide a measure of the work performed by the Audit function. It is important that this allows for flexibility so that professional judgement can be applied, and work prioritised over the life of the Plan.
4. The Head of Finance prepares quarterly and half yearly progress reports, outlining the work undertaken by the team.
5. Progress reports are discussed with the Corporate Director Resources, to provide a meaningful update on the work of the team and to give the opportunity to discuss changing priorities. The Progress Update is then presented to Audit Committee.

**Issues**

6. The progress report is attached at Annex 1 for information.

**Legal Implications**

7. There are no legal implications arising from this report.

**Financial Implications**

8. There are no financial implications arising from this report.

**RECOMMENDATIONS**

9. That the Committee notes the content of the report.

**IAN ALLWOOD**  
**HEAD OF FINANCE**  
28 November 2017

The following is attached:

**Annex 1:** Investigation Team - Progress Report October 2017



# Investigation Team – Progress Report

## Policies and Procedures

The Fraud Bribery and Corruption Policy has been reviewed and updated, discussions are taking place with Governance and Legal Services prior to its publication.

## Training

Accredited Counter Fraud Technician Training delivered by CIPFA has been approved for the Investigation Assistant and will be completed during quarter 3.

Disciplinary Policy, Investigating Officer training continue: there have been five sessions this year, with a total of thirty four attendees and 100% satisfaction.

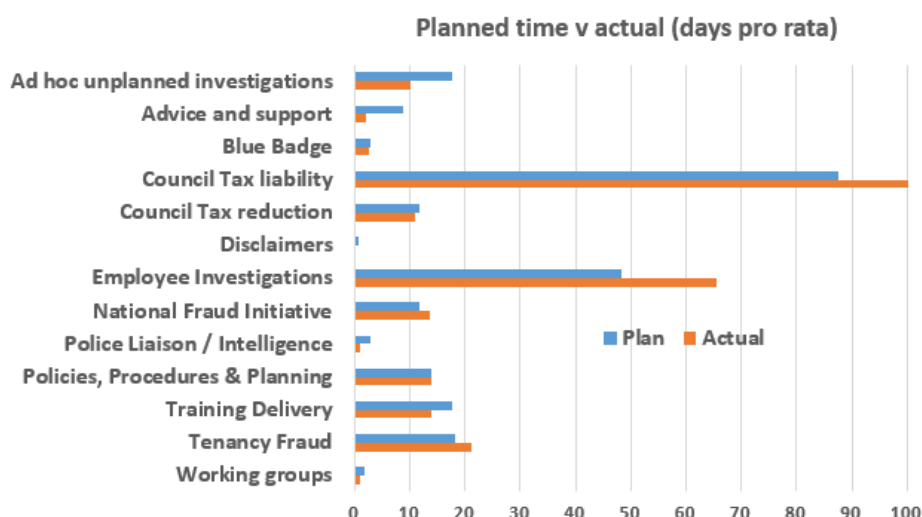
Following on from the popularity of the Investigating Officer training, the Investigation Team has developed and started to deliver half day training for note takers. The first session has been delivered and 100% of attendees were very satisfied with their training.

## Resources



After 15 years' service within Internal Audit, the team's Investigator will be leaving to work for the Public Services Ombudsman for Wales. The post has been advertised externally and it is hoped will be filled before the end of quarter 3.

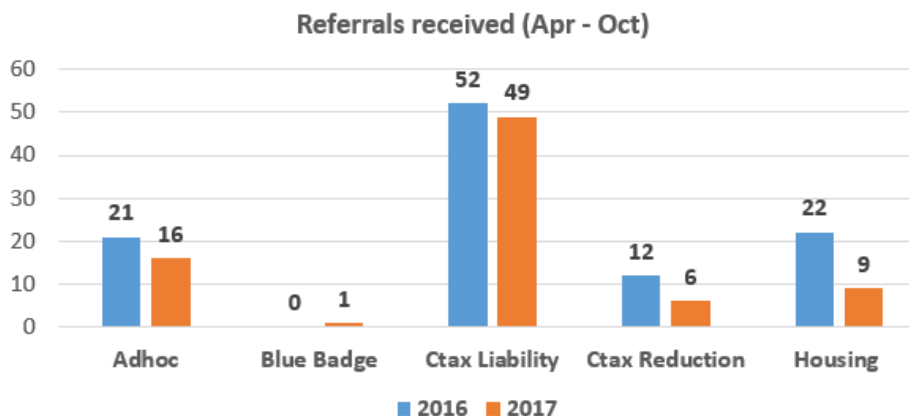
The 2017 fraud plan allocates 417 days for investigative work, including undertaking investigations and providing training, specialist advice, guidance and support.



Time has been set aside in the Audit Plan for Computer Audit work. The Group Auditor (Investigations) is currently assisting the Computer Auditor to deliver their assignments and 7 days have been attributed to this work by the Investigation Team to date.

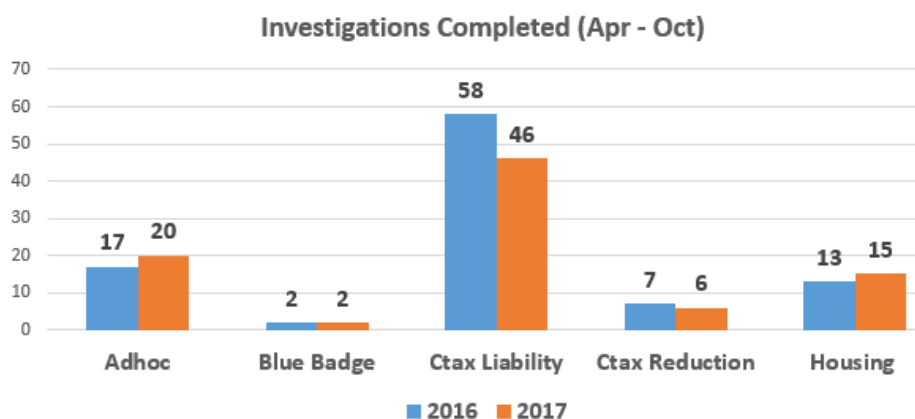
## Reactive - Referrals

81 referrals were received by the team, compared to 107 last year:

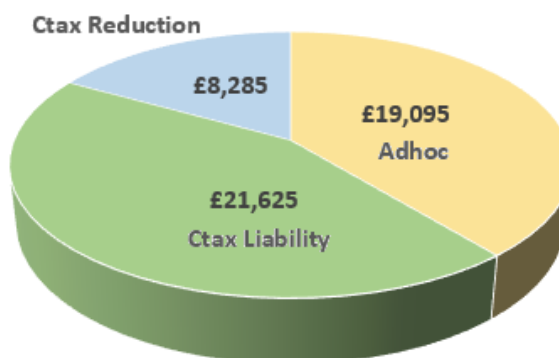


## Investigations concluded

89 cases were concluded with a value of £49,000, compared to 97 cases last year with a value of £43,000:



### Value of concluded investigations



Ad-hoc referrals relate to any other fraud or allegation not listed above and may include employees or external parties. The investigation may either be led by the investigation team, or assistance / advice will be provided and include the following allegations:

- Falsification of certificates
- Forgery
- Fraud by abuse of position
- Misuse of internet during work
- Provision of certificate validation

## Sanctions

Four cases have been reported to the Police, two remain open and under investigation.

Two individuals have been cautioned as a result of committing fraud in respect of Council Tax discounts.

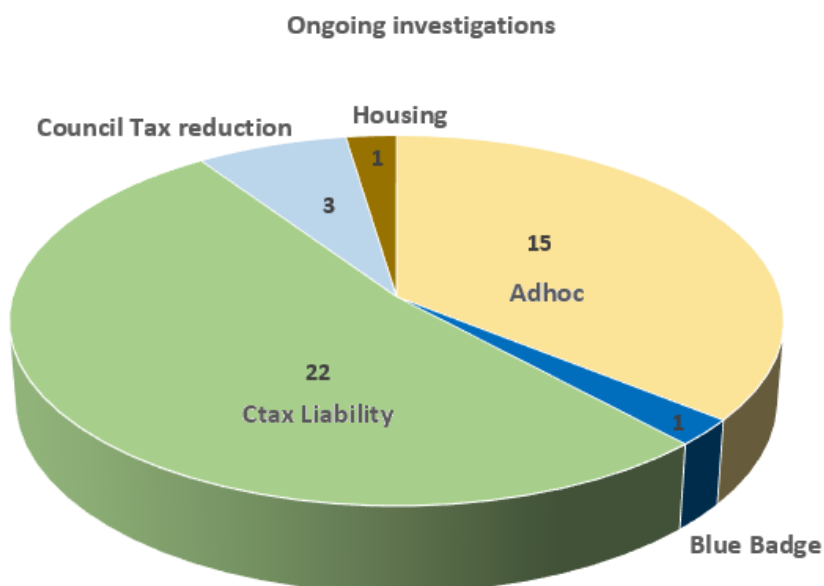
One individual has been prosecuted as a result of illegally subletting their council house and the property recovered.

One individual was prosecuted as a result of committing fraud by abuse of position.

Legal has recently decided not to instigate sanction action against a parent who had failed to report a relevant school placement change of circumstances causing an overpayment of £54,000. The Council is now attempting to recover the overpayment.

## Investigations ongoing

There are 42 ongoing investigations currently assigned to members of the investigation team:



## Data Matching



The National Fraud Initiative (NFI) is a data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. Since its commencement in 1996, NFI exercises have resulted in the detection and prevention of more than £30 million of fraud and overpayments in Wales.

NFI 2016 generated 2,396 matches for Cardiff Council that have been recommended for follow up action. To date, more than 1,300 have been cleared and work continues on the remainder. The matches received relate to the following data sets:

- Blue Badge
- Creditors
- Ctax Reduction
- Housing
- Insurance
- Payroll
- Pensions
- Personal Budgets
- Procurement
- Residential Care
- Residential
- Right to Buy
- Home Page 133 Parking
- Taxi drivers

This page is intentionally left blank

## Audit Committee Action Plan

(Updated following meeting held on 18 September 2017)

Minute No. /Agenda No.	Actions	Timeline	Action Owner
<b>Finance (Budget)</b>			
14.03.17	<b>Accounting Policies Update</b> Members sought clarification on the full impact of the proposal to change IFRS 9 Financial Instruments from 2018/19, and in particular the effect this would have in terms of the valuation of Cardiff Bus. Officer agreed to assess the proposal and its likely impact and report back to a future meeting of the Committee	27.03.18	Anil Hirani
20.06.17	Update on the changes to the CIPFA code regarding Cardiff Bus will be presented in due course.	27.03.18	Anil Hirani
20.06.17	The Committee notes that the audited Statement of Accounts for 2016/17 will prior to being presented to Council, be reviewed by this Committee in September.	18.09.17	C Salter/ I Allwood
20.06.17	The Chairperson requested that a progress report be provided on the implementation of the Statement of Actions at the next meeting.	18.09.17	C Salter/ I Allwood
18.09.17	Officers asked to identify the status of the Health & Safety Report in respect to buildings has been completed.	28.11.17	I Allwood
<b>Governance &amp; Risk Management</b>			
18.09.17	A technical discussion in respect to risk appetite to be held between DP and CP. DP/CP to feedback to next Audit Committee.	28.11.17	D Price/ C Pyke
18.09.17	The WAO Statement of Actions will now be seen as normal business and any key points would be picked up in work on the Annual Governance Statement and the Senior Management Assurance process.	30.01.18	I Allwood/ C Pyke
<b>Wales Audit Office (WAO)</b>			
<b>WAO Tracker/Other Studies</b>			
<b>Internal Audit</b>			
<b>Treasury Management</b>			
24.01.17	Officers agreed to provide a comparison of maturity analysis profiles with other local authorities.	30.01.18	C Salter/ A Hirani
24.01.17	A Hirani to reflect on the merits of a trigger points approach to balancing investments with treasury management advisors and will report considerations back to committee.	30.01.18	A Hirani
<b>Published Scrutiny Letters</b>			

Minute No. /Agenda No.	Actions	Timeline	Action Owner
<b>Operational Items</b>			
18.09.17	<b>Director of Education Report</b> <ul style="list-style-type: none"> <li>Future Director's report would report on treatment of significant surpluses in school budgets, as well as include school budget alongside the balance.</li> <li>Future Director's report would include a breakdown of the numbers interventions made in schools and the reasons why.</li> </ul>	Sept '18	N Batchelar/ N Hardee
<b>Outstanding Actions</b>			
20.06.17	<b><u>Director City Operations – Response to Internal Audit Report</u></b> Director of City Operations to be invited to Committee Meeting to comment on Internal Audit Reports within that directorate.	28.11.17	A Gregory
18.09.17	<b>Letter from Audit Committee Chair to Scrutiny Chairs on Safeguarding</b> Head of Finance to contact Scrutiny in respect of outstanding correspondence from Chair of Children & Young People Scrutiny.	28.11.17	I Allwood
<b>Work Programme</b>			
18.09.17	To add to the Annual Audit Committee Work Programme an annual report on Council's position on income. This will include information on the level of income being generated in addition to % of expenditure.	Sept '18	I Allwood

# DRAFT Audit Committee Work Programme 2017-18

Key: One-off Items

Topic	Tuesday 20.06.17 at 2pm (CR4)	Monday 18.09.17 at 2pm (CR4)	Tuesday 28.11.17 at 2pm (CR4)	Tuesday 30.01.18 at 2pm (CR4)	Tuesday 27.03.18 at 2pm (CR4)	Tuesday 26.06.18 at 2pm (CR4)
				12.30-1.30pm - Committee Self- Assessment Workshop prior to the meeting		
Wales Audit Office	Annual Audit Plan 2017	Annual Improvement Report			Annual Audit Plan 2018	Annual Improvement Report
		Audit of Financial Statement Report for City of Cardiff Council (ISA260)				
	Cardiff & Vale Pension Fund Audit Plan	Audit of Financial Statement Report - Cardiff & Vale of Glamorgan Pension Fund (ISA260)			Cardiff & Vale Pension Fund Audit Plan	
	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update	WAO Activity/Report Progress Update
Treasury Management	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report	Performance Report
		Annual Report	Half Year Report			
				Draft Strategy '17-18	Treasury Mgmt Practices	
Finance	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues	Financial Update including Resilience Issues
	Draft Statement of Accounts '16-17 (including the AGS)	Final Statement of Accounts for '16-17 (including the AGS)			Draft Statement of Accounts/AGS & report any changes in accounting policy	Draft Statement of Accounts '17-18 (including the AGS)
	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies	WAO Tracker / Other Studies
Internal Audit					PSIAS Peer Review Report	
	Progress Update	Progress update (to include Benchmarking & Comparative Data Matching)	Half Yearly Progress Report	Progress Update	Progress Update	Progress Update
	Internal Audit Annual Report '16-17			Draft Audit Charter '18-19	Audit Charter '18-19	Internal Audit Annual Report '17-18
Governance and Risk Management				Audit Committee Annual Report Discussion '17-18	Audit Committee Draft Annual Rep. '17-18	Audit Committee Annual Rep. '17-18
	Senior Management Assurance Statement Review – Feedback – Final Position			Senior Management Assurance Statement Review		Senior Management Assurance Statement Review – Feedback – Final Position
				AGS '17-18 Action Plan (Mid- Year)		
	Corporate Risk Register (Year-End) [to include Corporate Risk Map]	Corporate Risk Register Qtr 1 update	Corporate Risk Register (Mid-Year) [to include Corporate Risk Map]	Draft Risk Management Policy & Strategy	Corporate Risk Register Qtr 3 update [to include Corporate Risk Map]	Corporate Risk Register (Year-End) [to include Corporate Risk Map]
					Audit Committee Self-Assessment Feedback/Action Plan	
Operational matters / Key risks		Education Annual Report on School Governance (including Balances) and Deficits				

This page is intentionally left blank