Cardiff Council
Annual Governance Statement 2017/18

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

1.   Scope of Responsibility

1.   Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

2.   The Council is responsible for the Cardiff Harbour Authority, which is subsumed in the Council. The Council is also the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA), and is the Accountable Body for the Cardiff Capital Region (CCR) City Deal. The governance arrangements detailed in this Annual Governance Statement (AGS) are documented in consideration of the Council's areas of responsibility, and the extent to which the Council is charged with governance.

3.   The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

4.   The governance arrangements in the Council's three wholly owned subsidiary companies which traded in 2017/18, namely Cardiff City Transport Services Ltd. (Cardiff Bus) Cardiff Business Technology Centre (CBTC) and Atebion Solutions are subject to periodic review. These were not reviewed by the Council in 2017/18. The Council also has an interest in a special purpose vehicle (CSC Foundry Limited) which is governed by a Joint Committee for the CCR City Deal.

2.   The Purpose of the Governance Framework

5.   The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.

6.   The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.

7.   A draft Code of Corporate Governance (Code) has been developed this year which documents how we apply the principles of good governance *(as summarised in Section 4 of the AGS – Assessment Process and Summary)*. The draft Code was reviewed by the Audit Committee in January 2018 and will be considered by the Constitution Committee following the financial year end. Once the full approval process has completed, the Code will be included in the Council's Constitution.

3.   The Governance Framework

8.   The Framework comprises two core principles and five supporting principles. Principles A and B permeate implementation of principles C to G but good governance is dynamic, and the Council as a whole is committed to improving governance on a continuing basis through a process of evaluation and review.

Core principles

   a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
   b. Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles

   c. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
   d. Determining the interventions necessary to optimise the achievement of the intended outcomes;
   e. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
   f. Managing risks and performance through robust internal control and strong public financial management;
   g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.   Assessment Process and Summary

9.   The AGS summarises the assessment of governance against the governance framework and comprises three elements:

   1) Statements from Senior Management, the Audit Manager and the Audit Committee;
   2) Supporting information and evidence mapped to the core and supporting good governance principles;
   3) A Senior Management review of the Council's significant governance issues.

10. The three elements above when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.

11. For further information and detail, supporting information is mapped to the governance framework principles (a-g) within the AGS and followed by an open disclosure from the SMT of the significant governance issues affecting the organisation as summary actions to take forward and address.

12. The diagram below sets out the components of this assessment.

i) Assurance Statements

13. The following statements are made at the year-end, upon consideration of the performance information, governance disclosures and audit and regulatory report findings from assessors both internal and external to the Council.

Senior Management Statement

14. As a Senior Management Team we have self-assessed directorate and corporate governance arrangements in place during 2017/18. The assessment was based on the governance maturity which we could evidence within each Directorate Management Team against a series of assurance statements. Each Director was responsible for completing a robust assessment of governance within their directorate and identifying and reporting significant governance issues. The Senior Management Team reviewed all returns in May 2018, from which the Chief Executive authorised the overall position.

15. We can report an overall assessment of 'strong' application of good governance across the assurance areas. This was based on a self-assessment using a 5-point rating system ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. The greatest maturity was identified in relation to performance and risk management.

16. The maturity assessment highlighted opportunities to enhance the discipline of partnership governance, for which there was a higher incidence of mixed application and evidence than other areas. We have also identified opportunities in some directorates to target improvements in internal controls, compliance, the prevention and detection of fraud, budget monitoring, aspects of business planning and programme and project assurance. The Senior Management

Team recognises the need to prioritise actions for enhancement to enable strong evidence of application across all areas going forward. All Directorates are taking ownership of their assessments and the opportunity to focus on their individual areas for enhancement to governance maturity based on their respective assessments as we move into 2018/19.

17. The Senior Management Team collectively own the Corporate Risk Register and have reviewed all corporate risks on a quarterly basis in 2017/18. Each Director has been proactive in their approach to systematic early identification and awareness of the most significant risks facing the organisation. A proportionate approach is taken to manage risks and allocate resources based on their assessed risk ratings.

18. The Senior Management Team collectively own an action plan of significant governance issues for which there has been steady progress in their management throughout 2017/18. The action plan is included in the annual governance statement 2017/18.

Audit Manager Statement
(Public Sector Internal Audit Standards (PSIAS) - 2450)

19. The PSIAS state that the "Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement." This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

20. This opinion has been prepared by the Audit Manager, based on the provisions of the PSIAS. In preparing and forming this opinion, assurance has been taken from a number of sources, including:

- *Internal Audit Assignments* – work undertaken as prioritised within the annual audit plan. Each assignment is risk based to deliver added value and to maximise resources. This does include some unplanned audits, undertaken at the request of Senior Management.
- *Selected Value For Money studies.*
- *Discussion with Senior Managers* – relationship manager meetings are held on a quarterly basis with Directors, and the Audit Manager holds regular meetings with the Corporate Director Resources / Section 151 Officer and the Chief Executive.
- *Consultancy* - advice and guidance offered generally or in specific matters, including the design and development of new systems, such as Procure to Pay (P2P) and Corporate Landlord.
- *Risk & Governance* – work undertaken auditing the co-ordination of the Corporate Risk Register, the Annual Governance Statement and associated documents, and the use of these documents to inform the audit planning process. Other work has also been undertaken on areas of corporate governance (such as ethics and values and performance management).

21. Based on the programme of audit work undertaken and considered review of the key governance documents e.g. the Corporate Risk Register and Annual Governance Statement, it is considered that the application of the overall framework for control within the Council for 2017/18 is ***effective with opportunity for improvement***. This opinion is based with an acknowledgement of the increasing pressure on resources in both demand and budgets which is managed by a robust performance culture. It is noted that a number of audits in the Council have been given an audit opinion of "insufficient with major improvement needed" with one audit being given unsatisfactory. Work will continue to be undertaken to monitor the implementation of the recommendation and assess improvements in the controls in these areas.

Audit Committee Statement

22. Based on the evidence presented to the Audit Committee during 2017/18, it is the considered view of the Committee that the Council does have, for the most part, sound financial controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2018/19, include:

Budget Prioritisation / Control	The Audit Committee recognises the sustained financial pressure that the Council is under and has received reports detailing the challenges in respect to the prioritisation and control of budgets. Whilst the Committee notes that the overall financial position was projected to be balanced, there were some significant overspends projected across particular directorates. The Corporate Director Resources has reported the outturn position in each finance update at Audit Committee this year. The Audit Committee continues to raise concern about directorates' ability to achieve budget savings proposals put forward, which will become an increasingly pressing issue as the financial parameters within which the Council operate become further constrained. It is positive that an increasing number of budget proposals are accompanied with detailed plans and the Committee will be interested in the level of savings achieved in 2018/19.
Financial / Internal Control	The continuing reduction in resources, together with a growing population and greater demand for public services, mean that the Council is facing significant challenges in how it delivers services in the future. A key enabler for meeting severe financial pressures is reforming and redesigning services. There is a clear need to ensure strong internal controls integrate within new or reformed processes and systems. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired. The Committee's focus this year has been to invite each Director to account for their services in respect to risk management, governance and assurance of financial internal controls. In addition, the Audit Committee receives a regular list of completed audits with the assurance rating given for each. The Committee receives a list of all audit recommendations, which detail the action proposed, and whether or not the deadlines set will be met for implementation. Whilst the Audit Committee has an overall assurance of internal control we will continue to receive this information and use it in order to provide assurance that internal controls across the Council remain fit for purpose and, where not, are identified and mitigating action put in place quickly. The Committee will continue to hold officers to account for services or functions where financial or internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has approved the 2018/19 Audit Plan and will closely monitor its progress over the year. Particular attention will be given to seeing how officers have used the revised Financial Procedure Rules and Contract Standing Orders & Procurement Rules.

Financial Resilience (including Treasury Management).	In a position of austerity, the Audit Committee is focussed on ensuring that financial decisions are made which will benefit the organisation over the medium and long term, in addition to meeting current service needs. The Audit Committee has received updates on financial resilience as part of the finance updates from the Corporate Director Resources in each meeting in 2017/18. Whilst the regular reports provide assurance on effective financial resilience, the Audit Committee has maintained its focus on monitoring the use of reserves and links between all directorate delivery plans to the Medium Term Financial Plan to improve planning, integration and control. The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented. This will continue to be a key area of focus going into 2018/19.
Schools Governance & Compliance	Historically, Audit Committee has raised concerns about governance and compliance matters in schools, which are responsible for a greater proportion of audit reports giving concern. This trend has improved in 2017/18 in particular across the themed audits that have been carried out, which sampled at least half of the schools in Cardiff. This wider sample, albeit on targeted areas of internal control, has provided a level of comfort but there remains more work to be done and this will continue to be a focus of Audit Committee in 2018/19 The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

ii) Governance Framework - Supporting Information

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

23. All Members and Officers in the Council are required to comply fully with Codes of Conduct as set out in the Constitution, which sets out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:

- Functions and subsections delegated to Officers;
- Members' Code of Conduct;
- Employees' Code of Conduct;
- Protocol on Member / Officer Relations;
- Cardiff Undertaking – signed by all Members upon election and underlines their duties to the City and its citizens.

24. The Director of Governance and Legal Services is the Monitoring Officer, with the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do based on Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

25. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council's whistleblowing procedures. There were eight complaints raised against Members in 2017/18 of which two were from other Members, one was from an Officer, and five were from members of the public. The outcomes / status of each complaint is reported to the Standards and Ethics Committee each quarter.

26. A strong commitment is made to ensuring the Council's Codes of Conduct are upheld. In 2015, complaints about a Councillor's conduct were referred by the Monitoring Officer to the Public Services Ombudsmen for Wales. This resulted in the conclusion in March 2017 through a Case Tribunal by the Adjudication Panel for Wales (APW) that the Member had failed to comply with the Council's Code of Conduct. The Councillor was suspended from acting as a member of the Council for one month.

27. In May 2017, Councillor Huw Thomas was elected as the new Leader of the Council and appointed a new Cabinet. In order to learn lessons from the experiences of those who had held the office of Councillor over the five year term, they were invited to complete a Member Exit Survey in February 2017. 61% of respondents reported that they would stand for re-election, with those standing down citing 'retirement', 'work-life balance/time pressures', 'dissatisfaction with role' and 'other' reasons as most related to their decision. Questions on personal experience of bullying and discriminatory behaviours had been included in the Exit Survey at the request of the Standards & Ethics Committee. Personal experience of bullying and discriminatory behaviours were reported at rates of 36% and 31% respectively, and other unacceptable behaviour 15%. Witnessing bullying and discriminatory behaviours between Councillors were reported at 68% and 79% respectively and at 32% and 21% respectively between Councillors and Officers.

28. To address the matters raised in the Member Exit Survey, the employee HR counselling service has been made available to all Members. The survey findings were also taken into account in the development of a Member Induction Programme for new Members from May 2017. A follow up Member Survey was undertaken in December 2017 to seek feedback on the quality and completeness of the Member Induction, and to identify Member experiences of bullying and other unacceptable behaviours. In February 2018, the Democratic Services Committee received the findings of the survey relating to the Member induction, through which 97% of respondents rated the induction day as useful or very useful and 96% found the formal training / facilitated group training useful. Actions were identified in relation to technology support, mentoring / peer support and administrative processes, which have been considered by the Director of Governance and Legal Services for further development.

29. The Standards and Ethics Committee received analysis of the responses relating to Member conduct and behaviour in June 2018. Personal experience of bullying and discriminatory behaviours were reported at rates of 21% and 15% respectively and other unacceptable behaviour 21%. More detailed analysis of the results by gender and age had been undertaken and it had been found that more female respondents (56%) had experienced bullying and discriminatory or some form of unacceptable behaviours that their male colleagues (50%). This matter has been referred to the All Party Women's Group to consider.

30. For Members, the 'Cardiff Undertaking' sets out expectations of conduct in accordance with the 'Principles of Public Life'. The Corporate Assessment Follow-on, issued by the Wales Audit Office (WAO) in February 2016, recognised these governance arrangements, but concluded that the Standards and Ethics Committee could do more to visibly enforce the principles of the Cardiff Undertaking. To address this recommendation the Standards & Ethics Committee introduced biannual Member Briefings which have continued to report on the work of the committee and underline the importance of the Cardiff Undertaking, Member conduct and behaviour.

31. Members and Co-opted Members are required to register their personal interests in any business of the authority, and to adhere to associated practices in accordance with the Member Code of Conduct. The disclosures are published on the Council's website within member profile information. An Officers' Personal Interests & Secondary Employment Policy requires staff to disclose any personal interest which actually or potentially conflicts with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests. The procedures for managing officer's personal interests are due to be reviewed by SMT and the Standards and Ethics Committee next year.

32. The Council's Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. Corporate and directorate planning and personal performance and development arrangements are aligned to delivering corporate values and priorities.

33. An Employee Survey 2017 has demonstrated an improvement in staff experiences and perceptions across all 10 response statements since last conducted in 2015. The survey which excluded school-based employees covered matters including information, communication and engagement, learning and development, performance management, health and wellbeing, Council values, priorities and the employee charter. For each best practice statement a 'high level' of agreement was the most frequent response, with an average (mean) response of 'medium level' of agreement.

34. Whilst Employee Survey responses have been positive, the response rate of 33.9% was a decrease from the 2015 response rate of 51.6%. The factors which led to the higher response rate in 2015 will be reviewed in the planning of future surveys, such as the parallel running of the survey with Chief Executive Roadshows and Ambassador participation. In order to increase the response rate further, future Employee Surveys and engagement activity will include a renewed emphasis on the vital role managers play in communicating regularly with staff and building an engaged team / workforce.

35. The Workforce Strategy and Employee Charter have been in place throughout 2017/18 and are underpinned by the Council's vision and values and aligned to the Corporate Plan:

- The Employee Charter sets out the expectations of all staff (employees, managers and senior managers) and has formed part of the objective setting process for personal reviews. It aims to address the issues raised by the Wales Audit Office in September 2014 as part of the Corporate Assessment and the earlier Welsh Local Government Association (WLGA) Peer Review.

- The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce.

36. The Council takes fraud, corruption and maladministration very seriously supported by the following policies to prevent, and manage such occurrences:

- Financial Procedure Rules;
- Contract Standing Order and Procurement Rules;
- Whistleblowing Policy;
- Fraud, Bribery and Corruption Policy;
- Money Laundering Policy and Procedure;
- ICT Security Policy;
- Data Protection Policy & Procedure;
- HR policies regarding investigation and discipline of staff.

37. Induction training is undertaken by staff to ensure awareness and understanding on a range of policies, procedures and regulations including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security. Induction training also ensures that staff are aware of the corporate values and how they should be applied.

38. The Council has a Whistleblowing Policy in place through which staff and contractors are encouraged to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest). There have been four whistleblowing cases reported to the Monitoring Officer in 2017/18.

39. The Corporate Director Resources is the Council's Section 151 Officer with overall responsibility for the financial administration of the Council. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

B. Ensuring openness and comprehensive stakeholder engagement.

40. Through its Corporate Values, the Council outlines a commitment to being "open and honest about the difficult choices we face, and allowing people to have their say on what's important to them and their communities." Consultation, engagement and joint working with citizens are central to delivering this value and are outlined as follows.

41. To support openness, the Council is focusing on publishing increasing amounts of data through the development of an Open Data Strategy as part of the Council's Publication Scheme. It has adopted the UK government's approach to publishing data to a minimum of 3 stars out of a 5 star scale. This means data should be easily accessible and available to re-use as required (subject to terms outlined in the Open Government Licence). This year, the Information Governance Team has continued to identify data sets for publication and maintain the publication of existing data sets.

42. There is open debate and challenge on performance and risk management with quarterly reporting and review in Senior Management Team (SMT) and further challenge and oversight in Cabinet, Scrutiny and Audit Committee meetings. A Risk Management Steering Group is in place to develop and review risk management policy and accountability frameworks and to support SMT in identifying new and emerging corporate risks. A 'Star Chamber' is used by the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges.

43. Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings include a facility for public questions, and the Council's Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to Committees. Throughout

2017/18 the Council has webcast Council and Planning Committee meetings and webcasting has been introduced for three Scrutiny Committee meetings to enable wider public accessibility. Papers and reports are also available on the Council's website.

44. The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy. It reflects guidance given in the Welsh Government Model Policy and Guidance Paper for Handling Complaints, as well as guidance received from the Public Service Ombudsman for Wales and places a greater emphasis on a prompt resolution of complaints. Cabinet is informed annually of the number of complaints received.

45. Citizens, communities and partners have been engaged in a three year conversation 'The Cardiff Debate' about the future of public services in Cardiff. Consultation on the 2017/18 budget involved 2,520 people completing a 'Changes for Cardiff' survey and public views were also given via petitions, social media, attendance at 'drop-in' public engagement events, and through correspondence. The consultation ran for more than five weeks and included eighteen community engagement events, an online questionnaire, social media promotion and hard copy questionnaires distributed across the city.

46. Regular meetings are held with institutional stakeholders to whom the Council is accountable, which include the Welsh Government and the Council's External Auditors (Wales Audit Office). Efforts have also been made to foster open and effective relationships between the County Council and the six Community Councils in Cardiff through a Community Councils Charter ("the Charter"). It reflects the model Charter issued by the Welsh Government in the Local Government (Wales) Measure 2011 and is based on equality of partnership between the two tiers of local government.

47. The Cardiff Public Services Board (PSB), represents a statutory partnership of public and voluntary sector organisations, chaired by the Leader of the Council to deliver the requirements of the Wellbeing of Future Generations Act 2015 and the 'What Matters' single integrated partnership strategy. This year, the strategic focus of the PSB has been the development of a statutory local Well-being Plan, in which well-being objectives have been established to support the delivery of national well-being goals. The Well-being Plan responds to the evidence set out in a Well-being Assessment and focusses on the areas of public service delivery which fundamentally require partnership working between public and community services, and the citizens of Cardiff. The Draft Well-being Plan was subject to Policy Review and Performance Scrutiny in November 2017, and 12-weeks of consultation and engagement through locality events. Final approval was given by the PSB, Full Council and statutory member organisations prior within the statutory deadline of May 3rd 2018.

48. Neighbourhood Partnerships of multi-agency staff are currently under review. Work has been scaled back this year and new arrangements are still under consideration for next year. The intention of the review is to understand how locality based partnership working and Council resources can be better aligned and managed so as to deliver person centred, joined up and complementary services in our communities.

49. The Council regularly engages in consultation with the Trade Unions and a 'Partnership for Change Agreement' was signed off in February 2015. This supports the Council's Leader, Cabinet and Trade Unions in working together to reform Council services in a cost effective manner, providing a level of certainty for staff on major issues and protecting jobs wherever possible.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

50. The Corporate Plan sets out the organisation's priorities and clear improvement objectives to be delivered with the support of Lead Members. It was approved by Council in February 2017 for the period 2017 – 2019, informed by the consultation on budget proposals for 2017/18. It sets the strategic direction and provides a framework for Directorate Delivery Plans and performance management objectives. Corporate Plan priorities were maintained from last year as below:

- Better education and skills for all
- Supporting vulnerable people
- Creating more jobs and better paid jobs
- Working together to transform services

51. The delivery of the Corporate Plan is monitored through the Council's Performance Management Framework, which includes:

- Performance Challenge sessions of the Council's Senior Management Team
- Joint Cabinet and Senior Management Team Performance Challenge meetings
- A Challenge Forum involving Members, Senior Officers and external peer support to challenge the Council's progress against its improvement journey and the delivery of the Corporate Plan.

52. Following the election of a new leader in May 2017, the 'Capital Ambition' was approved as a statement of the new administration's priorities in July 2017, which includes "commitments for Cardiff" which cover all of the Council's services. The Capital Ambition sets out how a series of principles will underpin the development of the Council in the coming years, namely: getting the basics right, digital first, putting communities front and centre, joining-up of frontline services, purposeful partnerships and a new deal for citizens. The four priorities are:

- Working for Cardiff: Making sure that all our citizens can contribute to, and benefit from, the city's success
- Working for Wales: A successful Wales needs a successful capital city
- Working for the Future: Managing the city's growth in a sustainable way
- Working for Public Services: Making sure our public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets.

53. In December 2017, Cabinet approved a four year Capital Ambition Delivery Programme to replace the Council's Organisational Development Programme (ODP). The establishment of the Capital Ambition Delivery Programme followed an independent review of the ODP in May 2017, which concluded that the change programme had effectively served its purpose and should allow the Council to respond and adapt to the changing operational environment. In line with the recommendations of the independent review, the new programme focusses on a smaller number of transformational programmes which are aligned to the delivery of corporate priorities and budgets. The Capital Ambition Delivery Programme is composed of two discrete components:

- Modernisation: Transformation of corporate systems and processes that support service delivery, led by the Corporate Director - Resources; and
- Resilient Services: Transformation of front-line services, led by the Corporate Director - People and Communities.

54. The Council has committed to the Sustainable Development Charter and making decisions that produce the best long-term outcomes for Cardiff and the future of Wales. The Council participates in the CCR City Deal, which aims to enhance development, infrastructure, land use, economic development and employment. Its proposals are supported by a £1.2bn fund

with a target of creating 25,000 jobs by 2036, leveraging £4bn of private sector investment and securing economic growth. The CCR City Deal involves the UK Government, Welsh Government and ten Council's working together, through joint enterprise.

55. A CCR City Deal five year strategic business plan was approved by the Regional Cabinet of 10 local authority leaders in February 2018, to detail how £495 million of the funding will be used to deliver its outcomes. Two significant investments have been approved by Regional Cabinet this year. Funding of £37.9 million has been allocated to support the development of a semiconductor industry cluster in the region, which aims to leverage up to £375 million of private sector investment, and create up to 2,000 high value jobs. The Regional Cabinet has also agreed to commit £40 million in principle to support the £180 million Metro Central Development, a project to deliver a new Central Transport Interchange in Cardiff's core employment zone.

56. The Final Local Government Settlement for 2017/18 for Cardiff was received in December 2016, equating to a funding increase of 0.5%. Additional cash of £2.3 million was allocated compared with 2016/17, but the actual increase in spending power was £294,000 once new responsibilities and other differentiating year on year factors were taken into account. The Council has continued to focus on using the resources available to deliver corporate priorities within a balanced budget.

57. Consultation on the Council's 2017/18 budget proposals "Changes for Cardiff" ran from 10 November 2016 – 16 December 2016. As outlined under principle *B. Ensuring openness and comprehensive engagement* of this AGS, a number of mechanisms were used to ensure the consultation was as accessible as possible. The consultation enabled members of the public to communicate their views on the budget proposals. It informed the final decisions on service changes, which focussed on delivering valued public services in the face of ongoing austerity.

58. The Council has a budget gap of £91 million for the period 2019/20 to 2021/22. The outlook over the medium term remains a matter of concern and the Budget Report 2018/19 details the challenges in respect of ongoing financial austerity, increasing financial pressures and the difficulty offsetting and realising year on year budget savings. A deliverable Budget Strategy has been a key document for meeting the radical changes which must continue to be made to the shape of the organisation in order for it to remain operational and resilient.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

59. To ensure decision makers are well informed, all decisions taken by Members are supported by written reports from Officers on the legal, HR and financial implications arising from the decision. These reports are also required to outline the economic, social and environmental outcomes, the key risks and alternative courses of action which are available.

60. To support delivery of the requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has developed well-being objectives and a well-being statement as part of the development of the annual Corporate Plan. This process has helped to integrate the sustainable development principle and the Act in organisational processes and decision making.

61. 'Ask Cardiff' is the Council's largest and longest running engagement activity, and since 2002 it has enabled citizens to share their views of the city and a wide variety of public services. The Corporate Plan 2017-19 has been informed by the views of over 4,000 people who took part in 'Ask Cardiff', together with the 2,520 people who took part in the 'Changes for Cardiff' budget consultation.

62. To ensure staff are consulted and involved in decision making, various channels of communication are used including Corporate Roadshows, the Chief Executive's Update, joint updates from the Leader and Chief Executive, Core Brief, 'Our News' newsletter and 'Your Inbox' circulars. A Council Ambassador Network has employees at all levels from across the Council helping to take forward the four corporate commitments from the Employee Survey namely: Health and Wellbeing; Performance Management; Learning and Development; and Employee Voice.

63. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The Cardiff Debate and 'Changes for Cardiff' communications with citizens have been an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints. To support robust project based decision making, the Council has developed a Business Case template using the Office of Government Commerce (OGC) "Five Case Model", as recommended by HM Treasury for use by Public Sector bodies.

64. The Council has a performance management framework to facilitate and measure the delivery of priorities at City, Council, Directorate and officer levels. The framework includes statutory National Strategic Indicators (NSI) together with local indicators to support a wide understanding of performance. The annual performance against these indicators is submitted to the Welsh Government to be audited as part of the revised Wales Programme for Improvement as a result of the Local Government (Wales) Measure. This framework ensures that there is alignment between Performance against the Council's targets, and that objectives are reported publicly on a quarterly and annual basis.

65. The Council's Budget Strategy has developed from an incremental budgeting approach, to one where budgets are informed to a greater extent by corporate priorities and the required future shape of the organisation. The change in approach was first made to inform the 'Budget Strategy 2016/17 and the Medium Term', from which the momentum for forward planning continued in preparing the 2017/18 budget, by bringing forward the usual focus of budget strategy tasks by at least one quarter.

66. The themes for savings in the Budget Strategy for 2017/18 were aligned with general budgetary questions that formed part of the Ask Cardiff consultation, in synergy with the Council's corporate plan priorities, as follows.

    - Income generation
    - Working with partners and others
    - Use of technology
    - Review of subsidies and grants
    - Internally facing proposals
    - Second / third year of proposals
    - Service reduction / redesign

67. To provide greater confidence in the delivery of savings, the 2017/18 directorate proposals were submitted, and subject to challenge to ensure clearer ownership, accuracy, feasibility, achievability and risk management.

68. The Wales Audit Office (WAO) conducted a review into the financial resilience in Cardiff Council in March 2016, to assess whether the council effectively manages budget reductions in order to ensure ongoing financial resilience. The conclusion was that

    'The Council has improved its arrangements for financial planning and has sound financial control and governance arrangements but now needs to develop robust plans to support the timely delivery of its savings proposals'.

69. The Council's financial control and governance arrangements were assessed as low risk, and financial planning as medium risk. This was consistent with the findings of the WAO follow on report published on 26 February 2016, which recognised that the Council has improved its Medium Term Financial Plan / Programme (MTFP) arrangements and had raised the profile of financial resilience but through which four specific recommendations were made to further strengthen financial planning processes.

70. The Council's risk management guidance emphasises the requirement to incorporate risk management into all levels of business, including the management of shared risks through programme, project and partnership arrangements.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

71. The Council has put in place a commitment to effective leadership, recognised in the WAO Corporate Assessment Follow On 2016, which concluded that:

'The Council has put in place better arrangements to support improvements and to address longstanding issues, but is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes'.

72. WAO recognised a more engaged culture, with good Member and Officer commitment to attending and engaging in full Council meetings. HoHhhThey reported a need to improve more variable Member engagement observed in Scrutiny Committee meetings, the Leader's meetings with opposition leaders, the Challenge Forum, Member Training and Member Briefing sessions. The requirement to clarify some roles and responsibilities within the Council's decision making framework was also reported.

73. The Council developed a Statement of Action to respond to the Follow On Corporate Assessment and a Performance and Governance Programme to further develop and embed performance management arrangements. Between February and May 2017, the Wales Audit Office reviewed the Council's progress in relation to its Statement of Action. The subsequent report of this work concluded that the Council has demonstrated sufficient progress in implementing the 2016 proposals for improvement and is in the process if embedding new performance management and reporting arrangements.

74. Decision making responsibilities and authority are clearly set out in the Council's Constitution. It documents the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to senior officers through the different management tiers.

75. Following election as Leader of the Council in May 2017, Cllr Huw Thomas formed a new Cabinet. The Cabinet is the part of the Council which is responsible for most major decisions. The Cabinet is made up of the Leader elected by the Council, and up to nine other councillors whom he/she nominates for approval by the Council. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

76. The Council's programme of strategic business change has been aligned with the priorities of the new administration through the four year Capital Ambition Delivery Programme, which uses a best practice governance approach (Project Quality Assurance (PQA)) to provide effective planning, monitoring and delivery. Governance arrangements have been put in place for the Capital Ambition Delivery Programme, which include regular updates to the Senior Management Team and quarterly updates to a Cabinet Performance and Delivery Group. An annual review of the Programme will be reported into Cabinet and Scrutiny.

77. The senior management structure of the Council has also been reviewed to align with and support the delivery of the Capital Ambition. The Chief Executive (Head of Paid Service) is the most senior member of the Council's staff and has responsibility for overall management supported by a number of Directors and Assistant Director / Chief Officer posts. A revised senior management structure was approved by Council in November 2017, which was developed within the existing senior management budget and informed by Hay Group benchmarking analysis undertaken in July 2017 which compared the management structure of Cardiff Council to other Core City Councils and other large Unitary Councils. The approved changes to the senior management model were as follows.

New Posts	Deleted Posts
• Corporate Director, People and Communities • Director Planning, Transport and Environment (previously Director, City Operations) • Chief Digital Officer • Assistant Director, Corporate Landlord • Assistant Director, Street Scene • Head of Democratic Services	• Director of Communities, Housing and Customer Services • Director, City Operations • Assistant Director, Children's Services • Assistant Director, Commercial Services • Enterprise Architecture Operational Manager

78. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. New staff and Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures. An in-house Cardiff Manager Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme is well embedded, having trained more than 500 staff in key management and finance skills since it commenced in 2014. Approximately 250 managers have completed an ILM level 3 qualification following participating in the programme.

79. A Member Learning and Development Programme aims to provide Members with access to a range of development opportunities to assist them in delivering their roles as Community Leaders and Council representatives. The programme is informed by the WLGA Continuing Professional Development for Councillors Competency Framework, which sets out the range of skills and knowledge required by Members. The 2017/18 induction programme was developed by a Member Development Steering Group as part of a Member Support and Induction Project and approved by the Democratic Services Committee. The programme was developed to include induction sessions in May 2017, a series of essential sessions in the first 12 weeks and further development and information sessions on specific topics until December 2017.

80. Performance is primarily evaluated through the Council's Personal Review process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy provides a number of learning and development programmes and courses.

81. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council continues to support the 'Time to Change' Pledge, and during 2017/18 has been

recognised as a Disability Confident Employer, signed the Dying to Work Charter, is working towards being a Dementia Friendly organisation and achieving the Health Standard Silver Award. The Council continues to deliver the Employee Health and Wellbeing Strategy 2016-19 which provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing.

82. The Council has published an Annual Statutory Improvement Report, which provides a retrospective summary evaluation of performance for 2016/17 as required by the Local Government (Wales) Measure 2009. In assessing progress against Improvement Objectives, a number of sources of information were used including reviews of inspection reports, surveys, feedback, case studies and performance measures. A positive performance trend can be reported as 60% of National Indicator results were better than the Wales average, compared to 48% in 2015/16. However, it is recognised that the Council will need to continue to address areas of underperformance through future planning arrangements.

83. The Wales Audit Office published an Annual Improvement Report 2016/17 in September 2017, which is a forward-looking assessment that considers the likelihood of compliance with the Council's duty to make arrangements to secure continuous improvement. The report did not raise any formal recommendations, but it made proposals for improvement, relating to good governance when determining service changes and financial planning arrangements. The report concluded that:

'Based on, and limited to the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2017-18'

F. Managing risks and performance through robust internal control and strong public financial management.

84. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, programme and project considerations. A Corporate Risk Register (CRR) is maintained and reviewed by SMT each quarter to ensure it includes key risks to the corporate vision, objectives and priorities. A Corporate Risk Map has also been used throughout 2017/18 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.

85. The risk management process is led by the Information Governance and Risk Management Team, and supported by a nominated Member Risk Champion, Senior Officer Risk Champion and a network of Directorate Risk Champions. This process is designed to ensure clear ownership of risks which are identified, reviewed and escalated systematically each financial quarter.

86. Following a strategic risk management review, a draft Risk Management Strategy and Policy has been developed by the risk management network and considered by the Audit Committee in January 2018. A process of consultation and review by the Cabinet has commenced at the financial year-end. It is anticipated that the Risk Management Strategy and Policy will be approved and operational in the second financial quarter of 2018/19.

87. Decisions are made based on reports from Officers which include assessments of the legal, HR and financial implications arising from the decision. Service delivery is monitored through risk registers and performance information and reports. The Cardiff's Statutory Improvement Report provides an annual summary of performance against Welsh Government indicators and corporate priorities and commitments. Projects and Programmes are monitored using PQA criteria, including use of milestones, risk and issue registers and lessons learned methodologies.

88. The Council's five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. They meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. The majority of recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. A number of the Council's collaborative activities are governed by Joint Committees, examples include the CCR City Deal Joint (Regional) Cabinet, Wales Pension Partnership Joint Governance Committee, Prosiect Gwyrdd Joint Committee, the Shared Regulatory Services Joint Committee and the Glamorgan Archives Joint Committee.

89. The Audit Committee provides assurance to the Council on the effectiveness of its governance, risk management, and internal control arrangements through a wide ranging programme of work. The Audit Committee through its work programme has standard agenda items at each meeting which include; budgetary and financial information, treasury management, risk and governance, internal audit, external audit and operational matters. The Audit Manager reports functionally to the Audit Committee and administratively to the Council's Section 151 Officer.

90. The Internal Audit Team assesses governance as part of the majority of audit engagements and the overall review of governance, risk management and control has informed the annual assurance statement from the Audit Manager. All recommendations issued by Internal Audit are reported to the Audit Committee and tracked to provide assurance that they are acted upon.

91. Performance is monitored regularly within directorates on an ongoing basis. Members and senior managers are provided with quarterly performance information on a balanced scorecard basis, with performance measured against performance indicators which are aligned to corporate plan priorities. The standard corporate risk scoring approach is used to measure performance and enable consistency of understanding. The financial element of the balanced scorecard quantifies variances between the budget and actual position for each Directorate in respect of the overall budget position, savings delivery and staff costs.

92. The Council has robust arrangements for internal control. The risk management policy, strategy and methodology enables consistency in risk assessments across the Council, supported by a portfolio of policies and procedures to ensure effective stewardship of public monies, address maladministration, corruption and fraud, as summarised under Principal B *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

93. Effective arrangements are in place to safeguard personal data. During 2017/18, the Council has been preparing for the General Data Protection Regulation which will come into force next year. An action plan setting out the changes in legislation has provided the focus of the work from aligning policies and processes through to raising awareness. The Corporate Director Resources is the Council's Senior Information Risk Owner, supported by a dedicated team who manage the overall Council approach to information management. An Information Governance Strategy contains a suite of information governance policies, procedures and guidance information to support compliance with the Freedom of Information Act / Environmental Information Regulations, Data Protection Act, Privacy and Electronic Communication Regulations and Protection of Freedoms Act.

94. An Information Governance Training Strategy sits alongside the Information Governance Strategy to enable clear understanding of corporate and individual responsibilities. A risk assessment determines the extent of staff training, information and support required to provide the Council and the Information Commissioner's Office with the required assurance. Members are registered with the Information Commissioner's Office as individual Data Controllers.

95. As outlined in the section on *Principle D. 'Determining the interventions necessary to optimise the achievement of the intended outcomes'* significant attention has been given to financial management to support both long term and operational performance, through medium term financial planning and robust financial resilience mechanisms. This is integrated into all levels of planning and control, and is tracked both through performance monitoring of outcomes and through the corporate risk management mechanisms.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

96. The Council aims for all reports for the public and other stakeholders to be written in a fair, balanced and understandable way. This is to achieve a balance between providing full and complete information to demonstrate clear transparency without being onerous or overly complex.

97. The Council also aims for information to be easy for the Council and the public to find and use. It has adopted the Information Commissioner's model publication scheme, which sets out the classes of information that should be routinely available.

98. The Council's Annual Statutory Improvement Report evaluates performance, summarising the findings of a number of reports on performance, including corporate measures and evaluations of delivery against the What Matters, equality, sustainability and scrutiny measures.

99. The AGS is an assessment of the governance of the Council applied to the 'Delivering Good Governance in Local Government' CIPFA / SOLACE framework, as outlined in the *Assessment Process and Summary*.

100. To demonstrate accountability, Senior Management Assurance Statements (SMAS) are completed by each Director twice a year to self-assess performance against a set of governance, risk management and internal control statements. The overall position is reviewed and authorised by the Chief Executive following the financial year end, at which point the overall Senior Management Statement is included within section 4) *Assessment Process and Summary*. Collectively, SMT hold an action plan of significant governance issues, representing an open disclosure of the most prominent issues of governance which require attention following the SMAS review. The AGS Action Plan is included in the following section.

101. The SMAS and AGS Action plan of significant governance issues are reviewed biannually by SMT, Audit Committee and the Risk Management Team. The aim is to achieve openness and transparency in Council affairs and identification, communication and management of matters which require corporate attention.

102. Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee. A number of Committees have been appointed by Council to discharge regulatory and scrutiny services and they deliver annual reports on their performance and findings.

103. Prior to services being delivered through third parties or via joint working arrangements, the Legal Services Team assist directorates to ensure responsibilities and accountabilities for governance and risk management are adequately documented. The risk management policy

strategy and methodology requires clear risk management arrangements in whichever model of service delivery is used.

104. Performance information is published against statutory NSI and PAM datasets, as set by the Welsh Government. Where these indicators and measures are relevant to the progress made against the Council's Improvement Objectives and Outcome Agreement they are included in Council's Improvement Report. This report includes ranking information to clearly and transparently show performance relative to each other Local Authorities in Wales.

105. The Council has taken steps to ensure that recommendations for corrective action made by external audit are acted upon, such as the development of a statement of action for the Corporate Assessment Follow-on published in February 2016, and targeted governance projects to deliver the required improvements. Opportunities to learn from wider studies from the WAO are taken through the use of a tracker system to identify and summarise a range of their publications for the information and consideration of the Audit Committee.

106. The Council has an effective Internal Audit Service, as supported by performance information and reporting, which has been externally assessed as conforming with the the Public Sector Internal Audit Standards (PSIAS) in all material respects. The PSIAS is a central measure of the effectiveness of the Internal Audit function against the mandatory elements of the International Professional Practices Framework, for which an external assessment was completed in quarter 3 2017/18 by Rhondda Cynon Taf CBC. It offered a small number of recommendations to enhance information in the Internal Audit Charter, which have been progressed by the Audit Manager. The Internal Audit Charter enables direct access to all officers, managers and members and requires functional reporting to the Audit Committee.

107. Peer challenges, reviews and inspections from regulatory bodies are welcomed by Cardiff Council as a means to provide assurance over service delivery or identify opportunities for improvement.

iii)   AGS Action Plan – Significant Governance Issues

108. An Action Plan of Significant Governance issues is owned by the SMT, and formally reviewed and updated on a bi-annual basis. On review of the seven director SMAS returns in May 2018, SMT decided to retain the five governance issues from the prior year on the ongoing AGS Action Plan. The decision was made as it was considered that these issues continue to represent the key areas for development and ongoing monitoring.

109. Each member of the SMT was asked to put forward suggestions of new significant governance issues. The new issues presented were also discussed in SMT in May 2018, and upon review they were considered to be either subsets of existing governance issues from the current action plan, or having a link to a corporate risk, through which they already being managed and reported.

110. As a result of the review, the five issues to carry forward at the year-end position have been updated and are shown in the table below. The issues in the action plan will continue to be managed and formally reviewed on a bi-annual basis in 2018/19.

Brought Forward	Year End Position 2017/18
Capacity & Decision Making The Council is facing unprecedented financial pressures where significant savings have had to be realised, consequently Directorates have seen a reduction in staff resources which increases the pressure on staff to have the capacity to provide professional and sound advice	The capacity and decision making of the Council is being developed though both a review of management structures and workforce development. **Restructures** have been agreed and appointments have been made to the following posts: • Corporate Director People & Communities • Chief Digital Officer • Director Social Services • Further appointments will be expected during Q1 2018/19 **Staff development** is an important area of focus through Workforce Planning. To support and upskill existing officers: • courses are being designed by the Academy. • Financial Procedure rules and Contract Standing Orders have been reviewed during 2017/18 and have been approved by Constitution Committee. Roll out of the changes will commence in Q1 2018/19 • Themed Audits on decision Making and governance have taken place for each directorate during 2017/18 and common findings of those audits will be shared with SMT during Q1 2018/19
Commissioning Capability and Capacity In the new Organisational Framework it is critical that we challenge current service provision and priorities. The success of a number of programmes depends on having this capability and capacity in place e.g. Health & Social Care transformation.	The importance of Commissioning remains key not only in everything the Council does, but also in the success of delivering Capital Ambition. The Council needs to improve its understanding of Commissioning as a whole in terms of undertaking meaningful analysis to understand need and inform outcomes, redesigning service delivery around those outcomes, reviewing the performance of current services, consideration of alternative delivery models or ensuring our third party spend and related markets is appropriately managed. Although commissioning capability and capacity will not specifically feature in the new change programme, some elements will: • **Data analysis** to understand needs will feature as part of the Digital programme • **A programme of service reviews** will be performed across all Directorates building on work previously undertaken which will also consider third party spend arrangements and consideration of alternative delivery models.

	The Service Review process has now been designed and implemented, with governance established (the Service Review Steering Group, chaired by the Corporate Director – Resources) and the first reviews are now underway. Work is being done to establish data baselines for service areas and functions across the Council to ensure proper sequencing of future reviews.
Relevant Costs and Decision Making Internal function activities and performance needs to be accounted for more transparently within the corporate whole. This includes ensuring greater cost awareness in business decisions, such as projects with greater accountability and transparency of charges and costs.	Work is progressing to improve cost awareness in projects, with the support of finance staff. **Investment Review Board** has met regularly during the year receiving Business Cases and progress reports in respect of individual projects. The financial focus is on value for money, financial return on investment, funding identification and the capturing of financial savings. **knowledge transfer** - There is a need to ensure that there is strong knowledge transfer from both internal managers involved in project support from the external organisations that we work with. Knowledge Transfer has progressed during 2017/18 in respect in project work undertaken within the Corporate Landlord Function area. Other informal knowledge transfer work has been undertaken in other areas.
Partnership / Collaborative Governance The level of governance, assurance and reporting required for the Council's partnership and collaborative activities needs to be more fully determined and defined to ensure a consistent and proportionate approach is applied.	The required governance arrangements across key partnership and organisational development activity are being developed and considered by the corporate Senior Management Team (SMT) / Public Service Board (PSB). Corporate Partnership Working The Public Services Board is now fully established with a two-tier model (the overall Public Services Board – chaired by the Leader of the Council – underpinned by the Public Services Delivery Board – chaired by the Council's Chief Executive) in place. Subsequent to this, two related pieces of work are happening. Firstly, the governance structures and arrangements underneath the Public Services Delivery Board have been reviewed, with changes made where necessary. The most significant example of this is the imminent recalibration of the community safety partnership arrangements for the city. This – and other changes – will ensure the PSB has the governance necessary to deliver the challenging ambitions set out in the city's Wellbeing Plan. The second piece of work nearing completion is the review of the Council's governance structures to enable the successful delivery of Capital Ambition. This has included the development of new groups (such as the Digital Cardiff Board, chaired by the Council's Chief Executive), the continued development of other groups (e.g. the Council's Performance Support Group) and the integration of existing partnership structures into the core business of the Council's Senior Management Team. These arrangements will give the Council's Senior Management Team the tools and assurance necessary to deliver the stretching objectives set out in the Corporate Plan and, ultimately, Capital Ambition, working in partnership with those agencies and organisations that are pivotal to the overall success of Cardiff. Directorate Partnership Working At a directorate level there are a vast number of partnerships and collaborative working arrangements across a range of functions. Many of these partnership and collaborative working arrangements are our mechanism to mitigate significant risk, for example, the Welfare Reform Partnership group, is a means of coordinating activity to reduce the impact of those changes across the City. Due to the vast number and the organic way in which some arrangements have been formed there may be some where appropriate governance such as documented Terms of Reference have not been established.

	As a guiding principle, the scope and level of decision making capabilities is used to determine the level and extent of partnership / collaborative governance. Senior officers have recognised that further work is required to define and communicate the required levels of governance based on the nature and scope of different forms of collaboration to support consistency.
Robust and Sustainable Savings There is a need to ensure robust business cases consistently underpin achievable savings proposals. In ensuring decisions encompass future generation needs there is also a need to ensure there is documented consideration of the sustainability of services and the mitigation of risks (e.g. assets, technology, HR and service delivery).	**Business Cases** - Work is ongoing to ensure that detailed business cases, which include strong supportive financial and non-financial information, consistently underpin all savings proposals. • Service and Digital solution reviews will begin in early Q1 in order to provide further evidence and detail to new and existing savings proposals put forward for 2018/19 and to be considered for 2019/20. • As reported in the 2018/19 Budget Report 90% of proposals were either realised or with a detailed plan in place. Further work continued in March to further reduce the value of savings proposals that did not have a plan. • 52% of 2017/18 Budget proposals have an achievability risk rating of Amber / Green or below. Work will continue in order to increase this figure during the year for 2018/19 proposals and provide further mitigations into 2019/20 saving proposals. **Enhanced Risk Review -** An enhanced risk review was completed for capital funding requests for 2018/19 onwards to improve the supporting information provided as part of the decision making process. • Further work is underway to consider and refine the appropriate level and breadth of risk information and analysis required to support decision makers. • Building on 2018/19 budget process, the risk assessment methodology for capital funding requests of ongoing and new schemes will be further improved and embedded into the budget strategy for 2019/20.

Significant Issues – The Cardiff and Vale of Glamorgan Pension Fund.

111. During 2017/18, the Council entered into an Inter Authority Agreement (IAA) with the other seven LGPS administering authorities in Wales to establish the Wales Pension Partnership (WPP). The WPP manages the pooling of investments for the LGPS pension funds in Wales and is overseen by a Joint Governance Committee (JGC) comprising one elected member from each authority. The JGC is supported by an Officer Working Group made up of the funds' Treasurers and Investment Officers.

112. The IAA sets out the decision making powers of the JGC and the powers reserved to the constituent authorities. Each authority retains ultimate responsibility for the management of its pension fund under the LGPS Regulations.

113. It is considered the following may have potential implications on future financial periods and are worthy of note in this statement

Significant Issue	Year End Position 2017/18	Responsible Officer
Wales Pension Partnership – Wales Investment Pool. The eight Welsh LGPS administering authorities entered into a contract in December 2017 with Link Fund Solutions. Link and their partners Russell Investments will set up and operate the pooling vehicles required by the WPP. The initial pooled funds will be created during 2018/19.	The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the development of investment pooling arrangements through the Joint Governance Committee and the Officer Working Group. Developments are reported regularly to the Pensions Committee, the Investment Advisory Panel and the Local Pension Board	Corporate Director Resources

Certification by the Leader of the Council and the Chief Executive

Councillor Huw Thomas, Leader of Cardiff Council

Date:

Paul Orders, Chief Executive

Date: