



DINAS A SIR CAERDYDD
CITY AND COUNTY OF CARDIFF

GWYS Y CYNGOR

DYDD IAU, 28 MEDI 2017

COUNCIL SUMMONS

THURSDAY, 28 SEPTEMBER 2017,

Fe'ch gwysir I fynychu cyfarfod **CYNGOR SIR DINAS A SIR CAERDYDD**, a gynhelir yn Siambr y Cyngor - Neuadd y Ddinas on Dydd Iau, 28 Medi 2017 at 4.30 pm I drafod y materion a nodir yn yr agenda atodedig.

Davina Fiore
Cyfarwyddwr Llywodraethu a Gwasanaethau
Cyfreithiol

Neuadd y Sir
Caerdydd
CF10 4UW

Dydd Gwener, 22 Medi 2017

Hyrwyddo cydraddoldeb a pharch at eraill Gwrthrychedd a priodoldeb Anhunaoldeb a stiwardiaeth
Uniondeb Dyletswydd i gynnal y gyfraith Atebolrwydd a bod yn agored

<i>Eitem</i>		<i>Tua Amser</i>	<i>Max Amser</i>
1	Ymddiheuriadau am Absenoldeb <i>Derbyn ymddiheuriadau am absenoldebau</i>	4.30 pm	5 mins
2	Datgan Buddiannau <i>Derbyn datganiadau o fuddiannau (I'w gwneud yn unol â Chod Ymddygiad yr Aelodau)</i>		
3	Cofnodion (Tudalennau 1 - 36) <i>Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 20 Gorffennaf 2017 fel cofnod cywir</i>		
4	Deisebau <i>Derbyn deisebau gan Aelodau Etholedig i'r Cyngor</i>	4.35 pm	5 mins
5	Cwestiynau gan y Cyhoedd (Tudalennau 37 - 38) <i>Derbyn cwestiynau a nodwyd yn flaenorol gan y Cyhoedd</i>	4.40 pm	5 mins
6	Cyhoeddiadau'r Arglwydd Faer <i>Derbyn cyhoeddiadau'r Arglwydd Faer gan gynnwys Cydnabyddiaethau a Gwobrau</i>	4.45 pm	5 mins
7	Datganiad Cyfrifon 2016/17 ac Adroddiadau Cydymffurfiaeth Blynyddol (Tudalennau 39 - 320) <i>Adroddiad y Cyfarwyddwr Corfforaethol Adnoddau</i> <i>Ni fydd Atodlen B ac C Atodiad 7 yn cael eu cyhoeddi gan eu bod yn cynnwys gwybodaeth sydd wedi'i heithrio dan y disgrifiad a geir ym Mharagraffau 14 a 21 Rhan 4 a 5 Atodlen 12 Deddf Llywodraeth Leol 1972.</i>	4.50 pm	20 mins
8	Strategaeth ar y Gyllideb (Tudalennau 321 - 350) <i>Derbyn Cynnig y Cabinet a gymeradwywyd yn y cyfarfod ar 27 Gorffennaf 2017</i>	5.10 pm	30 mins
9	Adroddiad Blynyddol y Pwyllgor Archwilio 2016/17 (Tudalennau 351 - 376) <i>Derbyn yr Adroddiad Blynyddol a gyflwynwyd gan Gadeirydd y Pwyllgor Archwilio, Mr Ian Arundale.</i>	5.40 pm	20 mins

10	<p>Adroddiad Blynyddol y Pwyllgor Safonau a Moeseg 2016 - 17 (<i>Tudalennau 377 - 398</i>)</p> <p><i>Derbyn yr Adroddiad Blynyddol a gyflwynwyd gan Gadeirydd y Pwyllgor Safonau a Moeseg, Mr Richard Tebboth.</i></p>	6.00 pm	20 mins
11	<p>Adroddiad Blynyddol Cyfarwyddwr y Gwasanaethau Cymdeithasol 2016/17 (<i>Tudalennau 399 - 488</i>)</p> <p><i>Derbyn Adroddiad Blynyddol y Cyfarwyddwr Gwasanaethau Cymdeithasol.</i></p>	6.20 pm	20 mins
12	<p>Datganiadau'r Arweinydd a'r Cabinet</p> <p><i>Derbyn datganiadau gan yr Arweinydd ac Aelodau'r Cabinet</i></p>	6.40 pm	45 mins
13	<p>Cynnig 1</p> <p>Mae'r Cyngor hwn yn nodi'r canlynol:</p> <ol style="list-style-type: none"> 1) Fel Aelodau Etholedig mae gennym ni gyfrifoldeb dros ein Dinas ac mae hynny'n cynnwys creu cymunedau cynaliadwy, gyda chynlluniau cynhwysfawr i gyflawni datrysiadau ffyrdd a rhwydwaith sy'n gyraeddadwy. 2) Mae Caerdydd yn wynebu tagfeydd traffig a rhwydwaith sylweddol oni bai y cymerir camau brys. Mae dogfennau strategol yn cyfeirio at y ffaith bod rhwydwaith ffyrdd Caerdydd wedi cyrraedd capasiti llawn yn 2010 ac wedi mynd dros gapasiti ers hynny. Mae hyn yn effeithio ar y rhai hynny sy'n byw ac yn gweithio yn y ddinas, yn economaidd, yn gymdeithasol ac yn amgylcheddol. 3) Mae her ddifrifol yn wynebu Caerdydd o ran diffyg capasiti trafndiaeth gyhoeddus wrth i'r ddinas dyfu yn ystod cyfnod y Cynllun Datblygu Lleol a thu hwnt. Mae cynnydd o ran capasiti trafndiaeth gyhoeddus yng Nghaerdydd yn hanfodol. Mae hyn o leiaf angen bod yn unol â'r rhagolygon twf sydd wedi'u cynnwys yn y CDLI, ac i baratoi ar gyfer twf mewn cymudwyr yn cyrraedd o awdurdodau cymdogol. <p>Mae'r Cyngor yn galw ar y Cabinet i wneud y canlynol:</p> <ol style="list-style-type: none"> 1) Cynhyrchu Cynllun Gweithredu, yn seiliedig ar ddata trafndiaeth a rhwydwaith manwl gywir a diweddaraf er mwyn mynd i'r afael â'r broblem o ran trafndiaeth 	7.25 pm	30 mins

	<p>gyhoeddus fel nad yw tagfeydd yn y dyfodol yn achosi i Gaerdydd ddod i stop, er budd y rhai hynny sy'n defnyddio trafndiaeth gyhoeddus a'r rhai hynny nad ydynt.</p> <p>2) Cyflwyno'r cynllun i'r Cyngor Llawn mewn 6 mis.</p> <p>Cynigiwyd gan: Y Cynghorydd Dianne Rees</p> <p>Eiliwyd gan: Y Cynghorydd Gavin Hill- John</p>		
14	<p>Cwestiynau Llafar</p> <p>Derbyn cwestiynau llafar i'r Arweinydd, Aelodau'r Cabinet, Cadeiryddion Pwyllgorau a/neu Aelodau enwebedig o'r Awdurdod Tân</p>	7.55 pm	90 mins
15	<p>Materion Brys</p>	9.25 pm	5 mins
Materion y Cyngor nas Gwrthwynebir			
16	<p>Penodi Llywodraethwyr Ysgol yr Awdurdod Lleol (Tudalennau 489 - 494)</p> <p><i>Cymeradwyo argymhellion Panel Llywodraethwyr yr Awdurdod Lleol 19 Medi 2017</i></p> <p><i>Adroddiad y Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol.</i></p>	9.30 pm	5 mins
17	<p>Aelodaeth y Pwyllgor (Tudalennau 495 - 496)</p> <p><i>Adroddiad Cyfarwyddwr Llywodraethiant a Gwasanaethau Cyfreithiol</i></p>		
18	<p>Penderfyniad Brys: Ymyrraeth yn Ysgol Gynradd Trelái (Tudalennau 497 - 498)</p> <p><i>Adroddwyd i'r Cyngor er gwybodaeth dan Reol Gweithdrefn Graffu 13(a) Cyfansoddiad Caerdydd.</i></p> <p><i>Adroddiad Cyfarwyddwr Llywodraethiant a Gwasanaethau Cyfreithiol</i></p>		
19	<p>Cwestiynau Ysgrifenedig</p> <p><i>Yn unol â Rheolau Gweithdrefn y Cyngor, Rheol 17(f), caiff</i></p>		

<p><i>Cwestiynau Ysgrifenedig eu hystyried a'r ymateb ei gynnwys fel cofnod yng nghofnodion y cyfarfod.</i></p>		
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Mae'r dudalen hon yn wag yn fwriadol

THE COUNTY COUNCIL OF THE CITY & COUNTY OF CARDIFF

The County Council of the City & County of Cardiff met at County Hall, Cardiff on 20 July 2017 to transact the business set out in the Council summons dated Friday, 14 July 2017.

Present: County Councillor Derbyshire (The Lord Mayor)

County Councillors Ahmed, Asghar Ali, Dilwar Ali, Berman, Bowden, Boyle, Bradbury, Bridgeman, Burke-Davies, Carter, Congreve, Cowan, Cunnah, Davies, De'Ath, Derbyshire, Driscoll, Ebrahim, Elsmore, Ford, Goodway, Gordon, Henshaw, Gavin Hill-John, Philippa Hill-John, Hinchey, Howells, Hudson, Jacobsen, Jones-Pritchard, Keith Jones, Owen Jones, Joyce, Kelloway, Lancaster, Lay, Lent, Lister, Mackie, McEvoy, McGarry, McKerlich, Merry, Michael, Molik, Morgan, Murphy, Naughton, Owen, Parkhill, Jackie Parry, Keith Parry, Patel, Robson, Sandrey, Sattar, Simmons, Singh, Stubbs, Taylor, Graham Thomas, Huw Thomas, Lynda Thorne, Walker, Weaver, Wild, Williams, Wong and Wood.

35 : APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Bale, Bowen-Thomson, Goddard, Jenkins, Phillips and Rees.

36 : DECLARATIONS OF INTEREST

In accordance with the Members Code of Conduct, all Councillors declared a personal interest in Item 12 - Members' Schedule of Remuneration 2017/18.

In relation to Item 8 - Social Care, Health and Well-being Statement, Councillor Joel Williams declared a personal interest as a Director of Diverse Cymru.

37 : MINUTES

The minutes of the meeting 29 June, 2017 were approved as a correct record and signed by the Chairperson.

38 : PETITIONS

The following petitions were received: -

1. Councillor Lancaster – 56 signatures calling on the Council to resurface Coed Glas Road, Llanishen.
2. Councillor Patel – 50 signatures requesting the Council to take action against irresponsible car parking of residents not living on Aldsworth Road, Canton.
3. Councillor Carter – 160 signatures against the charge of £350.00 per year for each pupil from Llanederyn area travelling by bus to Llanishen High School.

4. Councillor Sandrey – 214 signatures concerned about dangerous parking and narrowing of Circle Way West outside Cardiff Metropolitan University Cyncoed Campus resulting in a serious accident earlier in July.
5. Councillor Dilwar Ali – 125 signatures calling on the Council as the landlords to authorise under the terms of the lease the sale of newspapers and magazines from Gabalfa Post Office and convenience store at 53 Gabalfa Avenue following the closure of the adjoining newsagents 6 months ago.
6. Councillor Congreve – 147 signatures requesting the Council to make the Rhydypennau roundabout safer with clear simple designated road lane control markings.

39 : LORD MAYOR'S ANNOUNCEMENTS

Recognition and Awards – details were included in the relevant Cabinet Member Statement and the Lord Mayor congratulated all staff recognised and involved in initiatives and projects.

40 : CAPITAL AMBITION

The Capital Ambition, approved by Cabinet, 6 July 2017, details the administration's aspirations and key priorities for Cardiff over the next five years. It was proposed by the Leader of the Council, Councillor Huw Thomas and seconded by the Deputy Leader and Cabinet Member for Education and Skills Councillor Sarah Merry.

The Leader advised that he had been invited to address business and community leaders at the Cardiff and Vale College's City Centre Campus earlier in the month, which was an ideal opportunity to promote the Cardiff Ambition. The college campus is a fantastic facility providing young people in the city with great learning opportunities. The Council's ambitions were big and bold with an inclusive programme of reform that all citizens could contribute to and benefit from the changes and successes.

The Leader highlighted the need to tackle inequalities and poverty; good education; social housing; economic growth; and the Cardiff Commitment to young people. He stressed the importance of working with partners - for example through the City Deal; ensuring Cardiff is resilient; ensuring that new and old communities are well-planned and well-connected; tackling congestion and transport infrastructure; and continue the radical improvements in recycling rates.

All of these ambitions needed to be achieved within the constraints of a £80m budget shortfall, but it was important for Cardiff to get the basics right and empower employees and citizens to support the delivery of the programme for Cardiff.

The Deputy Leader was pleased with the significant achievements, improved performance in education standards and attainment in schools during the last administration, and recognised that there was further development required over the next 5 years.

The Lord Mayor thanked the Leader and Deputy Leader and advised that there were two amendments to the recommendation in the report.

The first amendment was proposed by Councillor Robson and seconded by Councillor Williams as follows:

Delete the recommendation:

‘Council is recommended to note the Capital Ambition attached as Appendix A’
and replace with

Council is recommended to note the Capital Ambition attached as Appendix A, and asks the Cabinet to ensure that Page 15 Bullet 9 of the Appendix is amended to read “Protect our local libraries and maintain a network of accessible library services”

The second amendment was proposed by Councillor Boyle and seconded by Councillor Berman as follows:

Delete the recommendation:

‘Council is recommended to note the Capital Ambition attached as Appendix A’
and replace with

Council is recommended to note the Capital Ambition attached as Appendix A, but:

- a) regrets weaknesses in its measures to deliver a green city, powerful communities and an accelerated narrowing of the educational attainment gap; and*
- b) seeks reassurances that all existing libraries in the city will be retained for the next five years, that Wedal Road waste and recycling centre will be kept open and that the council will seek to pilot the use of smaller infant class sizes in targeted schools with the use of Welsh Government funding.*

A debate followed in which the following key matters were discussed: -

- the eradication of poverty and a fairer more inclusive city;
- recognition of diversity and cultural ambitions of the city
- accessible Welsh medium Education;
- Child Friendly City;
- Cleaner streets and improvements to street scene;
- an ambitious programme to expand recycling;
- the importance of infrastructure – housing; roads; services and facilities;
- protection of libraries and hubs;
- regional collaboration on strategic planning; housing and transport;
- need for performance / outcome targets to be set and robustly monitored.

Prior to the votes on each of the amendments, the Leader responded to the issues raised and thanked Elected Members for their constructive contributions and was proud of being given the opportunity to work with Members and do what is best for Cardiff.

The first vote was on the amendment to the recommendation as proposed by Councillor Robson.

The amendment was LOST.

The second vote was on the amendment to the recommendation as proposed by Councillor Boyle.

The amendment was LOST.

The Lord Mayor sought approval of the recommendation.

RESOLVED – That the Cardiff Ambition be noted.

41 : SHARED REGULATORY SERVICES - REVIEW OF JOINT WORKING AGREEMENT

The Cabinet Member, Clean Streets, Recycling & Environment; Councillor Michael proposed the report, which was seconded by Chair of Public Protection Committee, Councillor Jackie Parry. The report requested the Council to vary the Joint Working Agreement (JWA) between the three partner councils for the Regulatory Services. Any changes to the JWA are subject to the approval of each of the participant authorities. The Cabinet Member responded to a question raised on future mergers and commended the report and its recommendations to Council.

RESOLVED – That

1. the proposed changes to the Joint Working Agreement between the partner councils for the provision of Regulatory Services were approved;
2. it was agreed the Senior Responsible Officer for the Shared Regulatory Service be authorised to approve administrative changes to the Joint Working Agreement as long as there are no extension of delegations to the Shared Service or additional financial implications.

42 : STATEMENTS

The following Leader and Cabinet statements were submitted to Council: -

The Leader Statement

The Leader's statement provided an update on the building collapse on Splott Road and the ongoing investigation underway led by the South Wales Police and Health & Safety Executive.

The Leader's statement also included updates on the Local Government Reform; Cardiff Capital Region City Deal, and his attendance at an event hosted by Cynnal Cymru on the future of the car in Cardiff (Cardiff) and tackling congestion and supporting sustainable forms of transport.

The Leader responded to questions on the Splott Road incident and communications with residents and Local Ward Members, and matters around transport modal shift and sustainable transport infrastructure.

Deputy Leader, Education, Employment & Skills Statement

The Deputy Leader's statement provided an update on Education and Schools matters and reported on the Junior Apprenticeship Scheme; the School Holiday Enrichment Programme, School Organisation programme; Youth Services and the Cardiff Commitment.

A Level and GCSE Results were due in August and Members would be advised of the headline results in due course.

The Deputy Leader responded to questions and comments on the maintenance backlog for the schools estate; plans for school places in Cyncoed and Lakeside; and recognised achievements at Youth activity centres across the city; and the Junior Apprentice Scheme at Greenhill School.

Finance Modernisation & Performance Statement

The Cabinet Member's statement provided details on the TUC 'Dying to Work' Charter which the Council has signed up to as good practice framework to ensure employees diagnosed with a terminal illness receive support and peace of mind at challenging times in their lives.

The Procurement Strategy 2017 – 2020 was due to be published by the end of July which sets out an increased emphasis on delivery of community benefits through Council contracts.

Since the launch of the Council's Living Wage Accreditation Support Scheme for small and medium businesses on 1 April 2017, seven Cardiff based organisations had now become accredited Living Wage employers.

The Cabinet Member drew attention to achievements and recognition in awards that the Council had been selected for including:

- Finalist in the national Chartered Institute of Personnel & Development (CIPD) People Management Awards – 'Best Employee Engagement Initiative' category. The winners will be announced on the 26 September 2017.
- Winning the SOCITM's Better Connected Award for "Best Welsh Unitary" at the Connected Local Government Live.

The Cabinet Member responded to questions and comments on the statement in relation to support to small and medium businesses and the procurement delivery plan; C2C response times to requests for service. The Cabinet Member would confirm how many employees were covered by the seven new accredited Living Wage employers and was pleased with progress being made on the real living wage, but noted concerns raised by a member with regards to wages paid in the care sector.

Housing & Communities Statement

The Cabinet Member's statement provided an update on the suspension of the Right to Buy Scheme in Cardiff; fire safety in Council Housing and Private Residential blocks; the delivery of 1,000 new Council Homes over the next 5 years; the Rough Sleeper Strategy; Community Living Scheme at Sandown Court that opened on 29 June 2017; the reconfiguration of the John Kane Court, 150 Thornhill Road; work in Libraries and Hubs; the range of Home Office-funded projects underway in the Council with partners; and work on Community Cohesion.

The Cabinet Member responded to questions and comments on delivery of Council housing; reassurances about the safety of residential blocks and Council housing; and the suspension of the right to buy and effect on the housing waiting list.

Clean Streets, Recycling & Environment Statement

The Cabinet Member's statement provided information on Waste Management; Neighbourhood Services; Bereavement Services; Cardiff Dogs Home; Shared Regulatory Services; the Coastal Risk Management Programme; and Carbon Management and energy projects.

A number of questions were raised around progress on a new reuse facility and the future of Wedal Road. It was noted that new Household Waste Recycling Centre at Lamby Way was formally opened on 18 July 2017. A Member requested information on the overt and covert work being undertaken on perpetrators of fly-tipping around the city and details of prosecutions made. The Cabinet Member advised that better camera coverage was supporting this work.

Children & Families Statement

The Cabinet Member, provided an update on this new portfolio area for him and the identified priorities and challenges going forward. The integrated strategic approach introduced by the previous Cabinet Member was coming on stream and beginning to be embedded and these including:

- Signs of Safety – the new national best practice model for social work with families.
- Adolescent Resource Centre – new centre opening in July designed to keep young people at home and based on national best practice.
- “Not in Our City, Not to Our Children” – the Cardiff Child Sexual Exploitation Strategy continues to go from strength to strength with a new permanent team being established during the next few months.
- Disability Futures Programme – a ground breaking integrated regional strategy, led by Cardiff and designed to significantly improve services to disabled children and adults.
- National Autism Service – Cardiff is leading for the region as one the first regions to establish this integrated social services, education and health service based on a national model.
- Multi Agency Safeguarding Hub (MASH) – now entering its second year of operation, we can see interagency working has significantly improved, leading to more effective and timely joint intervention where risk is identified.

- Early Help Front Door – a new service designed to strengthen our preventative capacity is now being progressed as part of the Families First funding programme.
- Families First –to move forward on an opportunity to steer a more focused preventative agenda.

The Cabinet Member responded to questions on the Adolescent Resource Centre; the need to adequately resource support to Look After Children and manage demand; and the role of the Council as a Corporate Parent.

Social Care, Health & Well-being Statement

(Councillor Joel Williams in accordance with the Members Code of Conduct declared a personal interest in this statement as a Director of Diverse Cymru)

The Cabinet Member's statement highlighted ongoing work in relation to improvements in Social Care, Health and Wellbeing in Cardiff. The statement provided an update on Preventative Services; Day Opportunities for Older People; a new Dementia Initiative for combating social isolation; Direct Payment regime and the support given through the Asylum and Refugee Service.

The Cabinet Member responded to a number of questions and comments made in relation to the diversity and community needs; assurance around direct payments. The Cabinet Member was keen to support communities and the hard to reach groups and ensuring all needs can be considered and met going forward.

Strategic Planning & Transport

The Cabinet Member provide details in his statement on Ely Bridge cycling and pedestrian ways; preparations for the wider strategic roll-out of 20mph limits across the city; LED Street lighting; and the highway maintenance programme.

The Cabinet Member responded to questions on savings generated from street lighting improvements and whether money could be invested into alleyways and pathways to make these areas safer at night for residents; the highway maintenance regime and dealing with pot holes; investment in cycleway development and improvements; and plans for 20mph zones in the outer wards.

Investment & Development Statement

The Cabinet Member's Statement provided an update on the closure of the Tesco Contact Centre in the Heath ward and the support given for a taskforce to help those affected to find alternative employment; inward investment opportunities in Cardiff and interest from businesses looking to re-locate to Cardiff; and Cardiff Central Square & Bus Station development and comments received from the Joint Scrutiny Committee held on 18 July 2017.

The Cabinet Member responded to questions and comments made on support and training offered to displaced Tesco employees and how long this support would remain in place; the timescales for the bus station project. Members welcomed the announcement of a new station at St Mellons and the importance of improvements to infrastructure networks to maintain a healthy economy.

Culture & Leisure Statement

The Cabinet Member provided an update on initiatives in the Park Services; Sport Development; Cardiff Harbour Authority and Events.

The Cabinet Member responded to questions and supportive comments made on the Tafwyl Festival and whether there was opportunity for this event to move around Cardiff; work within parts to maintain and achieve Green Flag status; matters in relation to event parking and a building maintenance matter in relation to the GLL contractor.

43 : NOTICE OF MOTION

The Lord Mayor advised that a notice of motion proposed by Councillor McKerlich and seconded by Councillor Parkhill had been received in accordance with the Council procedure rules and was included on the Summons for the meeting.

The Notice of Motion as proposed by Councillor McKerlich was as follows:

This Council notes:

1. Cardiff Council raises nearly £200 million a year in business rates (NNDR) paid into a central pool from which a portion is returned to Cardiff.
2. In 2015/16 and 2016/17 Cardiff has “lost” an average of £86million per year because of the pool and a similar amount is projected for 2017/18.
3. Without action, the potential loss of Cardiff business rates over this 5-year Council term could be £450million. No other Council or major City in the UK loses such a high proportion of the NNDR which it raises.

This Council further notes that:

1. In addition to the associated costs of being the Capital City of Wales, Cardiff plays host to about 80 thousand daily commuters who work in Cardiff but pay Council Tax elsewhere.
2. The revenue support grant (RSG) allocates Cardiff £313 million in the current year which, on a per capita basis is £860 - putting Cardiff 20th out of 22 Welsh councils. It could be seen that some of this grant is a return of the NNDR ‘lost’ to the pool.
3. Cardiff Council is investing capital and officer time in developing our city which will achieve and increase the level of NNDR received, yet it is manifestly unfair that the financial benefit of this investment is taken away from Cardiff.

This Council calls on the Cabinet to:

Develop a key strategy for a negotiation with the Welsh Assembly Government, with the aim that Cardiff Council receives a much greater share of the NNDR it generates in 2018/19 and beyond. This should be achieved without accepting a compensating reduction in the RSG.

Councillor Parkhill formally seconded the motion.

The Lord Mayor invited debate on the motion. At the conclusion of the debate, the Lord Mayor invited Councillor McKerlich to sum up.

The Lord Mayor called for a vote on the motion as proposed by Councillor McKerlich.

The Motion was **LOST**.

44 : ORAL QUESTIONS

QUESTION – COUNTY COUNCILLOR ROBSON

Have you had an opportunity to discuss the proposed “Cardiff Parkway” station with Ministers in Welsh Government and Westminster?

REPLY – COUNTY COUNCILLOR THOMAS

If I may I’d like to take the opportunity to partly respond to the point made by Councillor Cowan earlier about Cardiff Parkway as well as part of this answer and to welcome the announcement of the support for the Cardiff Parkway initiative made today by the Transport Secretary.

I have not yet had the opportunity to meet with the UK Government Minister but certainly this is an exciting project, I have met with Nigel Roberts the developer I would like to congratulate him for the years of work that he has put into bringing this about and to be honest I would express my surprise that it has taken the Department for Transport so long to give approval to what is essentially a private funded project. I am meeting the developer again tomorrow to look rapidly at what the Council can do to expedite the realisation of this scheme.

I will also be requesting a meeting with the UK Government Minister for transport not least in light of the more serious announcements concerning the cancellation of the electrification of the main line between Cardiff and Swansea which I think is a betrayal of promises made to the people of South Wales, my question back would be will he join me on calling on the Minister to reverse this decision.

SUPPLEMENTARY- COUNTY COUNCILLOR ROBSON

I just wanted to add to the tributes made to Nigel Roberts and the team; they have worked for many years to get a new station in Cardiff East. It was something that when the LDP discussions were going through this chamber, we absolutely realised we as a City needed. It is one example of a private enterprise taking the lead over public enterprise at all levels of Government I’ll add. It is only the second example of a private station that is going to be built in the UK, so will you join me in paying tribute to those such as Mr Roberts and his team who have worked for years to get this and wish them all the success going forward?

REPLY – COUNTY COUNCILLOR THOMAS

Yes, I would most certainly join you in offering my warmest congratulations to Nigel as I will do tomorrow when I meet him in person and also more widely to the many people including Councillors in this chamber who over a period of ten years have helped the project progress albeit with small steps and I would very much hope that following this announcement today we can move on at some pace.

SUPPLEMENTARY- COUNTY COUNCILLOR KEITH JONES

I would also like to reiterate and commend the work of the Cardiff Labour Council and yourself as Leader, Councillors Michael and Goodway have been passionate exponents for this.

My question would be this is obviously not the end of it, when it does come to fruition the Council will commit to look for at the infrastructure and transport to connect up with this Cardiff Parkway and release Llanrumney residents out into the world.

REPLY – COUNTY COUNCILLOR THOMAS

I can only say Councillor Jones that I have no doubt there are many more like you in Llanrumney and I look forward to meeting all of them, but more seriously I think there is a transformative opportunity here for the entire East of the City - one of the most deprived areas of Wales, and to really grow the St Mellons business park and through the industrial strategy that we set out to plan for in the Capital Ambition to really get this City motoring if you excuse that pun.

QUESTION - COUNTY COUNCILLOR TAYLOR

On Tuesday this week Welsh Government announced plans to significantly overhaul Local Government elections, including votes for 16 and 17 year olds, the ability to conduct elections under STV, and far greater measures to make voting and registering to vote easier. Will you commit this Council now to making the positive case for the electoral reform local government so desperately needs to properly engage citizens and ensure truly representative local government?

REPLY - COUNTY COUNCILLOR WEAVER

Members may want to know the provisions of the Wales Act 2017 in respect of Electoral and Registration matters are due to come into force in 2018 that is why this week they started a 12-week consultation on Electoral Reform elements for Local Government in Wales that ends on 10th October. I won't be making the specific commitment you asked me to make that is because I would like to consult across the chamber to hear the views of all Members before formulating my response to the Welsh Government.

SUPPLEMENTARY - COUNTY COUNCILLOR TAYLOR

What are the Council's plans or intentions in this early stage to consult with communities on the question of these changes, especially young people under 18, to

ensure that the information about the proposals are widely circulated and that as many people as possible take part in the consultation?

REPLY - COUNTY COUNCILLOR WEAVER

This is a Welsh Government consultation but we can happily spread it and of course it does include proposals for 16/17 year olds to vote which is fantastic so we would want all people to hear of this. My colleague Councillor Dilwar Ali has been appointed as a Cabinet Assistant for Citizen Engagement, he will be leading on engagement activity with groups in the City. This is obviously only 12 weeks and is Welsh Government consultation but we are promoting it where we can.

SUPPLEMENTARY - COUNTY COUNCILLOR MCEVOY

I just want to refer to what the Minister said in the white paper about the proposal to stop Councillors being AM's at the same time. I declare an interest.

There are people, AM's of all parties who have been Councillors and AM's at the same time since 1999. Lots of people have generally done a good job in both places. I think it is highly undemocratic then, if you take me for example, I put myself up for election; everyone knew I was an AM and they still returned me, thankfully.

In my opinion, I think this measure has more to do with the thin skin of the Minister, and his experience in 2016 rather than any kind of principle. The question is what do you think of it especially that Members of the House of Lords will still be allowed to be AM's but Councillors won't be?

REPLY - COUNTY COUNCILLOR WEAVER

I'll be entirely honest I've paid more attention to the exciting bit about making voter registration and voting more easily which I fully support. I haven't given much thought to Councillors who are also AM's but I would strongly encourage you to fill out the consultation.

QUESTION - COUNTY COUNCILLOR McEVOY

Could the Leader of the Council give an update of allegations of bullying of staff at the Castle?

REPLY - COUNTY COUNCILLOR THOMAS

No doubt the Councillor will have investigated this matter thoroughly and will therefore understand the serious complexities and sensitivities that exist around this case. The Councillor will also no doubt be aware that this is fundamentally a personnel matter and, therefore, one properly to be raised with the Chief Executive as Head of Paid Service and certainly not in open council.

If you do have concerns about any allegations regarding the conduct of staff then he would do well to do as I did when raising this matter prior to the election as a

backbencher, referring them to the Chief Executive forthwith to be addressed through the proper council processes.

SUPPLEMENTARY – COUNTY COUNCILLOR McEVOY

I'm disappointed with the reply because I think sometimes there is a need to air things in public like we are doing now. In terms of the treatment of staff, I'll give you an example; if a pregnant woman is prevented from going to the toilets and told to stay in her position that is fundamentally wrong and cannot be justified.

I'm disappointed with Councillor Thomas' response because before the election via email you did say you were pretty shocked by, worried to learn of so on and so forth expressing lots of concern with the Chief Executive but I'm disappointed that you've not been in touch up until the end of last week with the people who have raised the concerns with you. I'd ask that you as Leader of the Council and also a Member for Splott to actually reply to your constituents and look into this matter urgently please will you do that?

REPLY - COUNTY COUNCILLOR THOMAS

I go back to what I said previously Councillor McEvoy, this is a very serious matter and I trust that you understand there are two sides to every story, the situation as expressed to me prior to the election does strike me as being particularly serious, shocking in some cases but the matter is most appropriately dealt with through the Head of Paid Service who can take into account all the various aspects of this story.

QUESTION - COUNTY COUNCILLOR DILWAR ALI

Will the Leader make a statement on the latest update for votes at 16?

REPLY - COUNTY COUNCILLOR THOMAS

Yes, as my Cabinet colleague, Councillor Weaver, stated earlier in his response to Councillor Taylor, the Welsh Government has published a consultation document, which seeks views on proposals to allow 16 & 17 year olds to vote at local government elections.

This is something that I would support personally and would help to improve democratic engagement among young people and allow them to have their say at the ballot box on issues and public services that affect them locally.

It is also consistent of course with a motion agreed by the previous Council back in November 2015.

SUPPLEMENTARY – COUNTY COUNCILLOR DILWAR ALI

Will you make a commitment to promote the consultation and work with the Welsh Government to get as many views?

REPLY - COUNTY COUNCILLOR THOMAS

Yes, absolutely and I know that yourself as Assistant Cabinet Member for Citizen Engagement which of course includes Democratic participation, have already got some ideas on how we take the consultation out to the communities and new constituencies that in particular could be affected by these proposals and I fully look forward to working with you to make sure this is extended as widely as possible so we get the strongest and richest possible response to this consultation.

SUPPLEMENTARY – COUNTY COUNCILLOR CARTER

Leader, bearing in mind that this is a proposal that has a lot of consensus hopefully will get passed, what steps do you envisage the authority taking locally to actually ensure that 16/17 year olds in schools and colleges are aware of their rights to vote and actually are engaged in the system. I'm conscious that while it's a policy we have long supported as a party that the creation of a 2 tier system where people can vote at 16 in one form of election but not others can create confusion. Would you agree with me that we have a role as Councillors and as a Council to try and ease that transition and support people to actually understand their right to vote?

REPLY - COUNTY COUNCILLOR THOMAS

I fully agree there is a risk of confusion. There is a growing momentum for UK Government to take similar steps for General Elections. In terms of raising awareness and clarification of the process I think there is a role for the Council through our schools but also I would hope that would be recognised by the Welsh Government through the curriculum to take steps through the education process in educating our young people about the various complexities and indeed the responsibilities that comes with the extension of the franchise so we look forward to see what proposals come down the line from the Welsh Government and playing our full part in that.

QUESTION - COUNTY COUNCILLOR GRAHAM THOMAS

Data recently released by Ordnance Survey shows just 8% of Cardiff being as accessible open spaces, with only about half the open spaces of a city like Birmingham. With green space key to our objective of being a liveable city, and Cardiff one of the cities in the UK with the lowest figures, what policies are in place to increase the number of accessible open spaces for our residents?

REPLY - COUNTY COUNCILLOR BRADBURY

The article that is referred to in the question is fundamentally flawed. The open space data set released by Ordnance Survey, which informed the Wales Online article of Monday 10 July, was collated through a nationwide aerial and desktop exercise. In short, it is a very crude assessment, which is very misleading.

My understanding is that the assessment was visually based and did not involve input from any of the local authorities identified in the article, to either refine the data or define the extent of local open space in their ownership or control.

In terms of policies, the Local Development Plan sets out the Council's future land allocation, including the provisions of new open spaces, which will ensure that Cardiff remains one of the greenest cities in the UK.

From my perspective, the assessment has no status and should be disregarded.

SUPPLEMENTARY - COUNTY COUNCILLOR GRAHAM THOMAS

Interesting response to say that the survey has been disregarded. What percentage area of open green space do you think the City has at the moment and with regards to the LDP that's accepted that you are planning the open spaces properly there but how do you distinguish that from the existing areas of the City which may or may not have insufficient areas of open green spaces at the moment?

REPLY - COUNTY COUNCILLOR BRADBURY

The LDP falls within the portfolio of my colleague Councillor Wild but I wish people would have read the article of February 2016 which in a European wide survey named Cardiff as one of Europe's most liveable, one of the criteria being the amount of green space we have, it's my job to ensure that the green spaces are still in place for many many years to come to be enjoyed. Putting a percentage on it, I hope we have much more than 8% which was named in that article, I think we do and I think it's important that we promote this city and talk it up and not bow down to articles such as the one referred to in your question.

SUPPLEMENTARY - COUNTY COUNCILLOR WOOD

In terms of green spaces in our city which is important when we have the opportunity to expand existing parks in our city - for example from neighbouring developments when land is available.

Do you and the Council support the principle of the expansion of existing parks for example Maitland Park in my ward where there is potential for expanding the current park? Would you support the expansion of Maitland park in this circumstance?

REPLY - COUNTY COUNCILLOR BRADBURY

I'm not going to make specific promises right here right now, but I'm happy to meet the Member to talk about the case that he is talking about and also with any other Member who wants to talk about the future of our parks service.

QUESTION - COUNTY COUNCILLOR SANDREY

How many members of the Cabinet actively participated in 'Catch the Bus Week' (July 3rd – July 9th) by using the bus instead of other transport methods, to get around the city?

REPLY- COUNTY COUNCILLOR WILD

Thanks Councillor Sandrey and thanks for coming in to see me, I know what a great advocate you are for bus travel in Cardiff. Good luck I know you and other Members around the chamber that are on the Cardiff Bus Board, I think you met yesterday for the first time. Obviously as I've discussed before and in our Capital Ambition, the importance of the bus for Cardiff is absolutely vital and for us its every week of the year that we want to be promoting bus travel, we are going to be doing that as a Council by increasing bus priority measures, better signalling, and also looking at how we get buses across Cardiff better, including the interchanges.

I don't want to really discuss personal situations, exactly who has done what because there may be other things like caring responsibilities or what they have done that week in terms of that but I am proud to say in terms of activists for sustainable travel on the Cabinet we have a number of some of the City's best cycling advocates as you probably know we have got a Member who is one of the growing number of car club members who actually formally shares a car with someone else to try and decrease congestion in Cardiff and we also have a Member I understand who has just picked up their first bus pass.

SUPPLEMENTARY - COUNTY COUNCILLOR SANDREY

I'm glad to hear so many of you are supportive of sustainable transport, hopefully this will lead to behaviour change and won't just be a novelty thing. Would you agree that all colleagues around the chamber should also lead by example in this regard to encourage the must needed behaviour change?

REPLY- COUNTY COUNCILLOR WILD

I agree with you completely and I think we all should. Bus services are something we need to see improving and I know that Cardiff Bus are making improvements and things like contactless payments have just come in so yes let's all just get on the bus and thank you.

SUPPLEMENTARY - COUNTY COUNCILLOR WILLIAMS

It's really good to see Councillors in this chamber are supporting Catch the Bus week but on a serious note we have a 50/50 modal split that this administration has set as a target, how many Councillors in this chamber tonight on the Labour benches drove to this Council meeting. It's not my groups policy it's your policy, 50% of people to use bus, walk, cycle.

My question to the Cabinet Member is I thought Councillor Sandrey made a very good question but it wasn't actually answered, how many Cabinet Members in Catch the bus week actually used the bus or public transport to get to work.

REPLY- COUNTY COUNCILLOR WILD

I don't think you quite understand the commitment of the Labour Group to this. Asking questions as if we are all taking cars, the commitment from this group is

absolute on this, the number of people coming to me to say they have got bikes recently, bought for the first time and want to learn to cycle and where to get a good recycled bike. It's something we are completely committed to. I'm quite happy for you to keep challenging us about how many of us are doing it. I hope as many from your group are doing it as well. In terms of public transport, that week, we aren't shying away from the question, it was 60% of Cabinet Members used the bus that week, all members of the Cabinet used some form of sustainable travel that week.

QUESTION COUNTY COUNCILLOR McEVOY

Could the Leader of the Council comment on allegations of racism at Cardiff Castle?

REPLY COUNTY COUNCILLOR THOMAS

Does the Councillor understand that I cannot comment on any specific allegation beyond to say that any allegations must be seriously and fully investigated.

SUPPLEMENTARY - COUNTY COUNCILLOR McEVOY

I've got a zero tolerance attitude to discrimination, to racism, and what I have in front of me I'm not actually going to say in Council out of sensitivity but what I will ask is that there is a full investigation because the evidence that I have in front of me, the allegations that I have in front of me are that there was no formal investigation and the witnesses and the people who made a complaint to senior managers heard nothing after their complaints which is unacceptable. Will you give an undertaking that these allegations which I'm not going to read out, it's that bad I don't actually want to repeat what was said, will you undertake that a full investigation is undertaken and staff will be told about the results.

REPLY - COUNTY COUNCILLOR THOMAS

Yes, please send those allegations to myself and to the Chief Executive.

SUPPLEMENTARY - COUNTY COUNCILLOR PATEL

Would the Leader agree that these kind of questions should be directed at the Head of Paid Services and not in a Council Chamber, especially when it comes to staffing issues, it is not appropriate for Elected Members to start asking questions because obviously only our officers would have the knowledge of those details, and it's not to be exposed in a public arena either. As an Elected Member especially one who had been in this chamber for a number of years should know that process and would you agree that it should be down to the Head of Paid Service, Paul Orders?

REPLY - COUNTY COUNCILLOR THOMAS

I would entirely agree that this is, as I said in response to my earlier question, most appropriately a matter for the Head of Paid Service. As Councillors we have tremendous responsibility to our residents and of course to our staff and that makes it absolutely right and proper that such concerns are flagged but the appropriate way to

do this I would suggest is in confidence through the appropriate channels and Chief Executive and I'm not sure the merit of raising it in this Chamber.

QUESTION -COUNTY COUNCILLOR MACKIE

During the recent 'clear out' of students we have had to report numerous incidents of waste being left on the pavements. Even though it has improved from last year, the level was still unacceptable. What plans do you have to ensure this situation is improved?

REPLY - COUNTY COUNCILLOR MICHAEL

Every year, the Education and Enforcement teams work alongside the Student Liaison Officer and Environmental Champions to ensure that students get the message to clear out their waste responsibly at the end of term.

In addition, officers work with landlords and letting agents to try to reduce the amount of waste presented incorrectly at the end of term.

This year, as in previous years, any waste that was incorrectly presented has been removed swiftly and pro-actively by education, enforcement and cleansing officers.

Each year, we look for ways to improve the campaign and, moving forwards, we will be rebranding 'Get it Out for Cardiff' and linking it with the 'Love Where You Live' changing the campaign and enhancing the educational parts of and hopefully that will ensure that students also love the area when they leave.

SUPPLEMENTARY -COUNTY COUNCILLOR MACKIE

I understand that it was better this year than the year before but it still really wasn't good at all, and I think all of us as Councillors had to report issues.

What can we do to get that message out, especially to the people maybe who have more responsibility for the waste than we as a Council do; the things put out on the pavements are very often from the landlords, maybe universities could get the message across a bit better, I think we still need to be doing more, what more can we do?

REPLY - COUNTY COUNCILLOR MICHAEL

We are changing the nature of the campaign and will be a lot more proactive than we have been. One of the other things I said I would do was to invite Councillors from all wards to meet in my office and discuss with myself and Councillor Henshaw the Assistant to the Cabinet Member, what we can do to actually help them in their wards using their local knowledge to tackle these issues that invitation is going out to everybody so I'm hopeful you will all respond and the information we get from them will actually help us to get cleaner streets.

SUPPLEMENTARY - COUNTY COUNCILLOR HUDSON

Do you think that our young people and our students are responsible adults when you're advocating lowering the voting age to 16/17 year olds when they are not responsible for their own cleanliness?

REPLY - COUNTY COUNCILLOR MICHAEL

I think if you really want me to answer that could you do me a favour and give that to me in writing and I'll read it in my own sweet time and give you an answer.

QUESTION - COUNTY COUNCILLOR GAVIN HILL-JOHN

In the Capital Ambition document you state you will support staff to be entrepreneurial and increase Council revenue. How will you specifically do this and how will you know when you have achieved it?

REPLY COUNTY COUNCILLOR WEAVER

Thank you for the question about supporting Council Staff to be more entrepreneurial and increasing Council revenue, there are three elements to this so front line staff, senior management focus and the organisation development plan.

Firstly, Council staff are entrepreneurial every day in many ways there are examples of staff ideas that have raised money or saved money and we will continue to support in particular through the pitch perfect development training scheme.

Secondly, Revenue generating proposals are considered by an officer group, chaired by the Chief Executive, that focus on Commercial activities which reviews and receive updates on commercial activities ongoing throughout the Council.

Thirdly, we expect that revenue generation and innovation will also be key enablers in a new change programme, the organisational development plan that is also in the Capital Ambition document.

SUPPLEMENTARY - COUNTY COUNCILLOR CARTER

That was a very interesting answer to the question, but would you admit that over the last five years we have seen increasing reluctance by officers to actually engage in innovative approaches. We have seen an increasing tendency at this Council to want to keep things internal rather than commissioning services outside so would you join me in looking for the future and looking to make our services more open and positive.

REPLY - COUNTY COUNCILLOR WEAVER

I certainly want to make services more open and positive, I possibly disagree with the idea that staff have not been and I think there are many examples that have come through in the last few years of staff giving their ideas and actually achieving that entrepreneurial change but perhaps what we have to reflect is that the organisation

itself its development plan its change plan must encourage and promote that so I think that's possibly a key driver we need to get right over the three years ahead.

QUESTION - COUNTY COUNCILLOR BERMAN

The 'Doctor Who Experience' exhibition has proven to be a popular tourist attraction in Cardiff Bay during the past five years. Please advise what consideration, if any, the council gave to retaining the exhibition beyond this coming September, including by advising what discussions were held on this issue with BBC Worldwide and whether any consideration was given to moving the exhibition to an alternative site?

REPLY - COUNTY COUNCILLOR GOODWAY

It's no surprise that a Dr Who aficionado would put down this question, especially one who was responsible for taking the original decision to bring the attraction to Cardiff. I'm bound to say it's not the only decision he took that cost the Council an absolute fortune.

The decision not to extend the lease on the facility was taken by BBC Worldwide because I understand the returns have not lived up to expectations and, I am advised, an extension of the lease would have required significant further investment from BBC Worldwide, which they were not prepared to make.

He will appreciate that, based on the financial impact on the Council to date, that I could not justify a case for a further council contribution either.

However, the Councillor will be pleased to know that discussions are on-going with BBC Worldwide about an alternative Dr Who experience elsewhere in the city.

SUPPLEMENTARY - COUNTY COUNCILLOR BERMAN

Thank you for your answer, I do understand that it does take two to tango and if BBC Worldwide didn't want to carry on with the Dr Who Experience then we would have been the only one player in there so I'm encouraged to hear that you are still exploring the possibility of another replacement facility so can you perhaps assure me that in view of the fact that Dr Who yet again has been hitting the headlines this week not just nationally but no doubt internationally, it is something that is perhaps one of our most prominent products in recent years here in this city, we should be capitalising it and that it's something we should cherish and not seek to exterminate.

REPLY - COUNTY COUNCILLOR GOODWAY

I'm encouraged by the Councillor's enthusiasm so I'll go one step further and when we evaluate what is proposed as the alternative I'm more than happy to involve you in those discussion because you are more likely to be more expert than I as to whether it will appeal to the Dr Who fan base that you are clearly one of.

SUPPLEMENTARY - COUNTY COUNCILLOR ROBSON

Thank you Councillor Goodway for the good news about Dr Who and that you are trying to seek some form of alternative attraction, I think that's absolutely essential and I wish you and the Economic Development officers every success in that, getting something that will keep that tourist market interest in Cardiff vibrant. Can you just ensure that you update the whole chamber once something is arranged? It's too big a market for us to lose out on.

REPLY COUNTY COUNCILLOR GOODWAY

I'm quite prepared to extend the offer to Councillor Robson too, to be involved in these cross party discussions about the future of the Dr Who attraction, and let us meet soon.

QUESTION - COUNTY COUNCILLOR McEVOY

Could the Cabinet Member outline the costs of a child in care in Cardiff and what that child can expect for the money?

REPLY COUNTY COUNCILLOR HINCHEY

It is very difficult to provide you with an indicative cost figure as our main priority is that each child is looked after according to their specific individual needs, not the cost of the service.

SUPPLEMENTARY - COUNTY COUNCILLOR McEVOY

That's such a poor answer; Councillor Hinchey the average cost is £56,000 per child so maybe you could get officers to tell you that next time. It would have been nice to know what services are provided because when I speak to kids who have been in care they say actually not much.

My main concern this evening is a family who visited my surgery crying this week and I'd like you to undertake to investigate so hopefully the answer will be yes, because there are allegations that young fathers are not given the right to be dads in some circumstances and that children are put up for adoption without dads hardly being consulted. I've had one young man in my surgery who was told not long before the baby was born and the baby was taken off him into care and adopted and he's been fighting ever since to try and get back into the child's life. There's another which came up today, same issue. I'm flagging this up it's a really important thing, I've asked the lead Councillor on this to pledge to investigate these matters.

REPLY - COUNTY COUNCILLOR HINCHEY

I'm not going to even engage with Councillor McEvoy's sensationalising of these particular subjects in Council as he does with a number of things but rarely comes up with actual evidence. Let's give some figures just to correct then, as of last month the Council had 756 looked after children.

However 173 of these were either placed with parent or placed with adoption or independent supported living. I assume that by children in care you mean the remaining 583 who were either in residential or fostering placement, be that internal or external. Ill correct your figure Councillor McEvoy, the average direct cost therefore of such a placement is £45,730.

SUPPLEMENTARY - COUNTY COUNCILLOR WALKER

I think as Councillor Hinchey will well know the Members of the Corporate Parenting Panel have a very full and expansive explanation of how the system works including all the costs and issues that Councillor McEvoy has raised, would it be sensible for that to be made available to other Councillors who would wish to take advantage of it because maybe there is some lack of knowledge on the part of some Members about these matters.

REPLY - COUNTY COUNCILLOR HINCHEY

Absolutely I think Councillor Walker takes a more serious tack on this and absolutely did attend the Corporate Parenting as did a number of us, and takes this very seriously as I will be over the next five years. I can make those figures available I just do not feel that going down an individual path or speaking about particular cases in the Council Chamber is the appropriate thing. We here have signed up to be Corporate Parents and take a responsible view of those children who are in difficulties or have to be taken in care at the worst point and this is not the format or place for those kind of comments but I'm more than happy David to share that information with us as fellow Corporate Parents.

QUESTION - COUNTY COUNCILLOR JOYCE

Importantly, Cardiff's Day Opportunities Strategy will ensure the future of centres in Ely, Llanrumney and Fairwater. Can the Cabinet Member provide an update on the refurbishment of Minehead Road centre in Llanrumney?

REPLY - COUNTY COUNCILLOR ELSMORE

I'm delighted to announce in fact slightly different information from my statement that actually the refurbishment of Minehead Road was completed and the centre re-opened earlier this month. Positive feedback from both individual attendees at the centre and staff. It pays repetition to look at the intention of the Day Opportunities Strategy which was to ensure that these new centres were providing modern facilities and in dementia friendly ways and I'm delighted that Minehead Road also includes a sensory loss awareness environment. Personal invitations will be extended to you and your Ward colleagues so that you can see the refurbishment for yourself.

SUPPLEMENTARY - COUNTY COUNCILLOR JOYCE

Thank you Councillor Elsmore for your reply, slightly disappointed that local Councillors weren't made aware because we have had lots of residents asking us about it and we kept telling them that we will let you know when its opening so it would have been nice had we known it was going to be opened, just an email to the

local Councillors I think would have been appropriate. We welcome it and yes we welcome the invite so we can go along and see it for ourselves.

REPLY - COUNTY COUNCILLOR ELSMORE

I don't know the circumstances, in my diary, I've got that it would be opened on the 3rd August, so I think it's probably the refurbishment was ready earlier so they wanted to get users in but I absolutely take on board your comment and I will find out at the earliest time, I emailed you earlier this evening, to when you can go and visit.

SUPPLEMENTARY - COUNTY COUNCILLOR OWEN

Can I say that I welcome the improvements to this centre in Llanrumney and speaking as somebody who has experience of someone in our family who has suffered from dementia and representing Rhiwbina which has one of the most elderly populations in Cardiff; could I ask Councillor Elsmore would she bear in mind the North of Cardiff could also do with these facilities. There is a great demand and it's getting more and more every year.

REPLY - COUNTY COUNCILLOR ELSMORE

Your absolutely right, which is why in September 2014 I brought forward a motion which is going to be coming into fulfilment in March next year in terms of Cardiff becoming an accredited Dementia Friendly City. We absolutely have got a long way to go I'm happy to have discussions with you.

QUESTION - COUNTY COUNCILLOR LANCASTER

The 2017 Population Needs Assessment by Cardiff and the Vale of Glamorgan Integrated Health and Social Care Partnership identified 50,580 adult carers and 1579 young carers recorded in the region. How many of these receive respite care, and how long is the waiting time to receive such respite care?

REPLY - COUNTY COUNCILLOR ELSMORE

I'm afraid it isn't possible to say which of those identified in the Population Needs Assessment receive respite because the figures were based on the 2011 census, they are self-selecting and the figures for the PNA are gathered anonymously.

What I can say in relation to the Social Services & Well-being Act that actually what counts as respite for individuals are services for the individual who is cared-for. Absolutely understand the important roles that carers play but we are not able to disaggregate without a real, it would an extensive significant amount of work in terms of manual examination of files.

But, I can confirm that 3230 carers aged 18 and over are currently known to Adult Services that means they are entitled to a carer's assessment. No young carers are counted as currently receiving respite in their own right. Once an assessment is done there should be no wait for respite.

SUPPLEMENTARY - COUNTY COUNCILLOR LANCASTER

According to recent research published by the carers support charity Carers UK, 40% of unpaid carers have not had a break from caring for over a year, whilst 25% have not had a break for over 5 years and this particular experience is borne out by the anecdotal evidence from people in my Ward, who find the access to respite care takes several years. This lack of respite care has a negative effect on the carers mental and physical health, under the Social Services & Wellbeing Act of Wales 2014, which you alluded to earlier, local authorities are obliged to provide this care.

What is the new administrations plans to improve its provision?

REPLY - COUNTY COUNCILLOR ELSMORE

Your absolutely right, we need to do as much as we can as an administration, as a Council to ensure that carers who provide very very important services and support for individuals, receive the support and assessment in their own right, as you say caring has a very deep impact on physical and mental health but it will also have impact on people's ability to carry out employment so very happy to have a conversation with you in terms of how we can improve our service offer.

SUPPLEMENTARY - COUNTY COUNCILLOR CARTER

New Members might not be aware of this but certainly the last few years in particular Councillor McGarry's stewardship in CASSC, we have consistently asked questions about carers assessments and whilst we all recognise the good work that's been done to increase the numbers of known carers who are being assessed, I think your answer highlights the challenge of us knowing those carers in the first place. Bearing in mind your answer about your statement today, that none of our younger carers are receiving any respite care, what efforts do you think are needed going forward as a Council to branch out to try to make younger carers aware of our services and indeed the vast number of adult carers who aren't aware of the services that we do offer?

REPLY - COUNTY COUNCILLOR ELSMORE

Your right and it's the role of the Social Services and Wellbeing Act in terms of the information and advice and support that should publicise better the services that are available. In terms of young carers, not that I want to ditch my responsibilities of course, my responsibilities are for adults, but I know that we are doing, providing some support to young carers because I recently went to a YMCA young carers showcase at the Senedd and I spoke to many young people and I've engaged both with the Cabinet Member for Education and the Cabinet Member for Children and Families to ensure that we have a joined up approach to the offer. What I can say to the Chamber is we had a small team in terms of providing carers support, that team has grown.

QUESTION - COUNTY COUNCILLOR MOLIK

At the peak of our tourist season, one of the most recognised iconic buildings of Cardiff is the Lighthouse at Roath Park Lake. It attracts large number of footfall every

year. What is the council's commitment in ensuring the park is well maintained and safely accessible for all visitors?

REPLY - COUNTY COUNCILLOR BRADBURY

I agree that the Lighthouse is an iconic attraction in our city. I referred to the success that the Council has had in respect of its Green Flag Parks in my statement earlier.

As part of the independent assessment for the award, the Council is required to demonstrate that arrangements are in place to effectively manage not only maintenance & safety, but also a number of other issues, including equality of access and the conservation of buildings & structures.

The award underlines the Council's commitment to managing its parks, recognising how important they are to residents, and we aim to continue this excellence for years to come.

SUPPLEMENTARY - COUNTY COUNCILLOR MOLIK

I'm also delighted to see Roath Park get the Green Flag Status, I commend the work of the Friends of Roath Park Group in supporting that agenda. I seek commitment from the Cabinet Member today on maintenance of the lighthouse appearance and safe crossing on both Lake Road East and West at the entrance of the lake.

REPLY - COUNTY COUNCILLOR BRADBURY

I'm happy to talk to you about that, I'll playfully say that there is no footfall to the lighthouse as it's in the middle of the lake but I'm happy to discuss it with her and during the last financial year the Council has overhauled the lighthouse clock mechanism and reinstated the leaded glass in the housing of the structure, the exterior of the lighthouse has been improved and painted with masonry product during the spring of 2016, obviously I am knowledgeable of all these items, discussions are taking place between the Council and Scot Memorial Society regarding further fundraising for the improvements you are talking about, I'm happy to meet with you and the friends of Roath Park to discuss further improvements.

SUPPLEMENTARY - COUNTY COUNCILLOR WILLIAMS

People in Pontprennau and particularly the outer wards of the City have expressed concerns to me about the frequency of cutting within our parks in Pontprennau and on the outer wards. Are you able to look into this and in particular in my ward of Pontprennau and Old St Mellons a number of cuts particularly in summer months where parks become overgrown and so on, so whether you are able to perhaps meet with me and Councillor Rees to discuss this further.

REPLY - COUNTY COUNCILLOR BRADBURY

Yes I'm happy to discuss that with the Member and in all seriousness, happy to discuss the cutting regime, an invitation will go out to any Member who wants to discuss it with me.

QUESTION -COUNTY COUNCILLOR HENSHAW

Could the Cabinet member outline the latest timetable for the introduction of further 20mph zones in the Splott ward and confirm that they will extend to all residential streets in the ward?

REPLY COUNTY COUNCILLOR WILD

As we discussed earlier the intention to start with the centre and move out, I would have thought that 2019/20 would be likely obviously subject to funds being available. Interesting part of your question about residential streets and the areas that they have gone in, it's not a complete blanket where there are arterial routes generally they have often stayed as they are but importantly with those we will discuss those with local Members to try and make sure we make the right decision on those with local Members.

SUPPLEMENTARY - COUNTY COUNCILLOR HENSHAW

We are looking forward to the 20mph zones reaching Splott in 2019/20. Can I ask you what steps will the Council take along with the Police to ensure that the new speed limits are effectively and robustly enforced?

REPLY - COUNTY COUNCILLOR WILD

It's great that everyone is so keen on the 20 mph zones that Councillor Patel brought in last year, the speed thing is something that's coming back a lot, we do need to keep on expressing the message that this is about calming all the speed down, which it is doing, but it's not going to mean that suddenly everyone is doing 20 mph. We will look and see how the speed is going, we can then look at putting further mitigation which is sometimes expensive. Let's see how the speed goes and how people are with it but I do agree with you that we do need to increase enforcement which as I said earlier we are going to take up with the Police about how we do that.

SUPPLEMENTARY - COUNTY COUNCILLOR HOWELLS

I'd like to ask exactly the same question but substituting Adamsdown for Splott please.

REPLY - COUNTY COUNCILLOR WILD

Same answer except possibly for the 2019/20, I'll find out when in the plan it's likely to be.

QUESTION - COUNTY COUNCILLOR WILLIAMS

Cardiff Labour's manifesto was to keep the Wedal Road Waste Facility open until an alternative facility to serve residents in the North of the City is opened. Could the Cabinet Member please outline what discussions he's held with stakeholders and

external bodies regarding a new Waste Facility to serve the residents of the North of Cardiff and list which Wards the proposed site could be located?

REPLY - COUNTY COUNCILLOR MICHAEL

I'm heartened to know that Councillor Williams reads Manifesto's. I am not sure which manifesto you have been reading, but the Labour Manifesto clearly said that we would:

'Boost city recycling rates as well as open a new re-use centre in partnership with a third sector partner....and....Open a new Household Waste Recycling Centre to meet predicted future growth in the north east and north west of the city'

There is no mention of the Wedal Road anywhere in the Manifesto.

The second part of your question, we are looking at suitable new sites for the future growth of the city, you asked for a list of wards we were looking at, we are looking at every ward in the North including Pontprennau and Old St Mellons, and I'm sure should we decide to put one there you will enthusiastically support us because you enjoy recycling.

SUPPLEMENTARY - COUNTY COUNCILLOR WILLIAMS

I've read the Labour Herald Heath Newsletter put out by Councillor Hinchey; 'Wedal Road Household Waste Recycling Centre is not closing any time soon and certainly not until we have something better in place first' so my question to Councillor Michael is, the people of Cardiff North are keen to know when this wonderful facility as promised by Labour Councillors in Cardiff North, a number of whom lost their seats I must add to Conservatives in Cardiff North, we are keen to know when this facility will be in place.

REPLY - COUNTY COUNCILLOR MICHAEL

So we understand the confusion, what you were reading was not a manifesto, so therefore I would recommend you get the manifesto and read it page 15, what you will find and what I will deliver is every one of those promises soon.

SUPPLEMENTARY - COUNTY COUNCILLOR ASGHAR ALI

In the past Council has spent thousands of pounds to grant this site for the purpose, why are we wasting another half a million to develop another site, I don't understand. I thought Michael would have been wise to hear people but I think he is plugging his ears and not listening.

REPLY - COUNTY COUNCILLOR MICHAEL

I am putting them on top of my hearing aids especially when you get on the microphone. All I can tell you is if you can get a Household Waste Recycling Centre for half a million I will give you the contract.

QUESTION - COUNTY COUNCILLOR HOWELLS

The deadline for making a submission towards the Stonewall Workplace Equality Index is Friday 8th September 2017. How is Cardiff Council's submission progressing?

REPLY - COUNTY COUNCILLOR WEAVER

The Council's LGBT Network supported by HR and Equalities officers is currently working on submitting an application for the Stonewall Workplace Equality Index in September 2017.

SUPPLEMENTARY - COUNTY COUNCILLOR HOWELLS

Can I welcome this news and as you know I've been raising this question every year for the last five years ever since the previous administration took the retrograde step of withdrawing from the Index, so can I wish you well, wish the group well with the submission, hopefully we will be proudly once again within the top 100 employers in the UK and can I ask that you redouble your efforts to engage with LGBT staff, many of whom have approached me over the last few years on how disappointed they feel with the Council during this process.

REPLY - COUNTY COUNCILLOR WEAVER

I'll be meeting with at least one of the co-chairs of the LGBT network very soon and I'm going to meet with the Chairs of all the employee networks very shortly as well to discuss all those matters. The Council and the administration over the last five years has actually done a lot to support LGBT staff and I think it's important to say that because it is very important to all of us. I accept that we were not admitted to this index and I'm looking forward to meeting with the employee networks soon.

QUESTION - COUNTY COUNCILLOR BURKE-DAVIES

I was pleased to see our commitment to the protection and enhancement of Cardiff's parks & green spaces. Can I gain a personal commitment from the cabinet member to work with community groups such as our Friends of Hailey Park in my own Ward to support the achievement of a Green Flag award for our Park and, in the future, improved amenities such as a café on the soon to be renovated bowling Green?

REPLY - COUNTY COUNCILLOR BRADBURY

Yes, absolutely. I would be happy to work with local Members and the Friends Group to try to achieve these ambitions for Hailey Park.

SUPPLEMENTARY - COUNTY COUNCILLOR BURKE-DAVIES

Thank you for your personal commitment Councillor Bradbury, I'm sure you will join me in congratulating the Friends of Hailey Park on ten years of hard work in Hailey Park this week. They were awarded the Green Flag for the meadow portion of Hailey Park and they would like to extend that down to the main recreational side of the

park. This weekend Councillor Ali and I are hosting a consultation of residents in Llandaff North to get feedback and ideas on how they can work with the Council cooperatively to achieve their aspirations of getting that green flag award for the rest of the park and making the park truly a space for all users whether that's dog walkers, families or cyclists who do pass there on the Taff Trail.

REPLY - COUNTY COUNCILLOR BRADBURY

I look forward to seeing what the results of your local consultation brings, I know how important parks are to inner city wards, I have a large park which hasn't yet got green flag status in the middle of my ward which I would like to see have green flag status. I would like to talk about developing and improving the green flag status for the whole of Hailey Park, and I look forward to discussing it with the Friends of Hailey Park, who I am sure would put on record their thanks to the officers of the council as well as the Lord Mayor for the work that they did in securing that green flag for another year.

SUPPLEMENTARY - COUNTY COUNCILLOR BOYLE

The preservation of our open space is obviously becoming something that's harder and harder for the parks department to do and we are seeing it for example in grass cutting being reduced in some areas including one in my ward, to just one a year, the grass is getting very high and as an amenity is now out of use effectively, but we have residents who are willing to take on the grass cutting responsibility for example at a knockdown price, so long as they are not out of pocket in terms of petrol this that and the other. It strikes me that this is an opportunity now for the Council to begin developing ways of genuinely working with communities who are willing to take on some of the responsibilities that the council can no longer do so long as they are not out of pocket by doing so. Is this something you would be willing to investigate?

REPLY - COUNTY COUNCILLOR BRADBURY

I'm glad you ended the question with asking me to investigate because I can't make any such commitment here today. I am happy to discuss that with local Members, I applaud you for your way of linking grass cutting in your Ward to a question on Hailey Park but in all seriousness I've worked with community groups in my own ward about in terms of improving our parks and taking responsibility and helping the Council in maintaining our parks, happy to discuss it with your constituents as well.

QUESTION - COUNTY COUNCILLOR OWEN

Will the Cabinet Member advise how many out of County placements are there currently for young people and older people and provide the furthest distance away from Cardiff for both categories and the total cost for all placements?

REPLY - COUNTY COUNCILLOR HINCHEY

Congratulations as a constituent being elected to this Chamber. We are committed to improving outcomes for Looked After Children and further enhance their

experience of care, with a particular focus on reducing the number placed out of area.

At 30th June, there were 219 children and 208 adults in out of county placements. I should emphasise that the majority of adults, or their families, chose the placement and its location.

Of these placements, the furthest distances away from Cardiff was 328 miles for children and 391 miles for adults.

In terms of the annual projected spend on placements for 2017/18, external residential placements for children are expected to cost around £8.5million. This includes placements that are 'in county' because of the high value.

External out of county fostering placements for children are expected to cost £5.87million.

External residential, nursing and college placements for adults are expected to cost £12.587million.

SUPPLEMENTARY - COUNTY COUNCILLOR OWEN

Thank you for your comprehensive response on that issue, could I ask you are you having any conversations with your colleagues in neighbouring local authorities to see how they take this forward and also being able to spread best practice in this field.

REPLY - COUNTY COUNCILLOR HINCHEY

The simple answer to that is yes.

SUPPLEMENTARY - COUNTY COUNCILLOR EBRAHIM

My question is in terms of placements, has there been any measures to develop hard to reach groups to take up placements for young people in terms of need whether its religious needs, dietary requirement needs, has there been any push to get more people onto the register to take young people as a matter of care.

REPLY - COUNTY COUNCILLOR HINCHEY

That is an excellent question I think that it's intrinsically important in Cardiff that we look at all these avenues to try to appease some of the issues that are undoubtedly being felt in other cities. Certainly, our Assistant Director has been meeting senior leaders of various backgrounds over the last couple of weeks and we are doing a specific piece of work and I'm more than happy to sit down and talk to you about.

QUESTION - COUNTY COUNCILLOR JACOBSEN

The state of Pentwyn Lake is a concern for many residents in my Ward. What plans does the Cabinet Member have for cleaning Pentwyn Lake?

REPLY - COUNTY COUNCILLOR MICHAEL

The Pentwyn Lake at Parc Coed Y Nant suffers from problems with littering and the Council is reliant on park users acting responsibly by using the litter bins provided and/or taking their litter home with them.

Bin emptying and litter picking is carried out on a twice weekly basis by staff in Neighbourhood Services and this is supplemented through litter picks undertaken by the Community Park Rangers, Keep Wales Tidy and volunteer groups, in particular, the Cardiff Rivers Group.

The lake also suffers from unauthorised fishing and associated litter. To address this problem, the Council is seeking to regulate this activity by offering a licence for Fishing Rights. Such arrangements are in place at other parks and have contributed to improvements. Officers will assess the site and take action as appropriate.

SUPPLEMENTARY - COUNTY COUNCILLOR JACOBSEN

I did have a supplementary question but it's been clearly answered.

REPLY - COUNTY COUNCILLOR MICHAEL

Just to add that earlier Councillor Bradbury and others mentioned the Friends Groups who do fantastic job for this City, I was going to suggest we use your knowledge of the area as a local champion to perhaps to start a friends group for the lake, I'm happy to make arrangements between myself and yourself and Councillor Bradbury to see if we can take this forward.

SUPPLEMENTARY - COUNTY COUNCILLOR SANDREY

As you said litter picks regularly take place around Pentwyn Lake, however more bins and cutting back of the overgrowth around the lake would aid volunteers in keeping this area tidy, is this something you will look into.

REPLY - COUNTY COUNCILLOR MICHAEL

More than happy to meet you and discuss any problems you have got in the area and I'm sure that a Friends group with liaison with parks and with us would do a really job for the area.

QUESTION - COUNTY COUNCILLOR PARKHILL

Welsh Water have recently announced plans to drain Llanishen reservoir. What discussions have the council had with Welsh Water and Natural Resources Wales regarding this decision?

REPLY - COUNTY COUNCILLOR BRADBURY

It's important to know that the necessary permission for a temporary drain down has been secured by Dŵr Cymru Welsh Water from Natural Resources Wales. This will allow the company to inspect the structure and undertake any appropriate works over an estimated 3 month period, with the reservoir being refilled once any such works have been completed.

Members should also be aware that the Leader had a productive meeting recently with Welsh Water senior management to discuss a further strengthening of the relationship between the Council and the company.

This included discussion of plans to invest significant capital into visitor and recreational facilities, as part of the overall strategy to restore Llanishen and Lisvane reservoirs and bring them back into public use.

We will continue to work closely and meet regularly with the company in support of our Capital Ambition and manifesto commitment to work in partnership to return sailing to Llanishen Reservoir.

SUPPLEMENTARY - COUNTY COUNCILLOR MOLIK

I welcome that the Council Leader has met with Welsh Water to strengthen their relationship, can I just ask for him to work with Welsh Water to determine a timeline involved in allowing the public to regain access to the reservoir.

REPLY - COUNTY COUNCILLOR BRADBURY

I've looked at my Leader who has nodded so yes.

QUESTION - COUNTY COUNCILLOR SINGH

What support and reassurances can the Cabinet Member give for removing the needle exchange facility situated opposite two well used children's parks?

REPLY - COUNTY COUNCILLOR THORNE

The facility in question is not operated by the Council, but I do appreciate and share your concerns particularly about this service and related drug activity and because of its location near to the parks.

I would be more than happy to facilitate a meeting involving local Members, relevant council officers, the Police and the third sector organisation involved to discuss the facility and to try and find a conclusion to the problem.

SUPPLEMENTARY - COUNTY COUNCILLOR SINGH

South Riverside is a highly concentrated area for social services for vulnerable people with serious life issues; including drink and drug addiction, we have a needle exchange, probation services, wet houses, a homeless centre and recently the

Council just gave planning permission to a facility to remain open until 4am for people with drug and depression issues. My question is how the Council assesses which areas these services go into.

REPLY - COUNTY COUNCILLOR THORNE

These services are not provided by the Council, it's not the Council that assess them, but I do, as I have said share your concerns because they are normally in areas which are close to the city centre, and your ward suffers from it, my ward suffers from it and I know that Councillor Ebrahim has similar problems in his ward. I do think we need this discussion because they are the poorest wards and yet it seems our wards are probably being used and probably made worse.

QUESTION - COUNTY COUNCILLOR GORDON

Last year, Cardiff's social services was the most improved across Wales; on which areas in Adult Services will you concentrate for improvement this year?

REPLY - COUNTY COUNCILLOR ELSMORE

It's great to remind the Chamber that last year Cardiff was the most improved social services across Wales. In partnership with Health and the Third Sector, we provide care and support to over 5000 citizens in Cardiff and our improved performance demonstrated the excellent progress that has been made in this area.

For the forthcoming year, we will be focusing on a number of areas of improvement particularly in relation to driving up the number of adults who actually take up Direct Payments, that's very important in them being able to exercise voice and control.

We have a very strong working relationship with our colleagues in Health and will continue to work in partnership to maintain the reduction in Delayed Transfers of Care.

I will also be working closely with the Cabinet Member for Housing and Communities to develop a Housing Strategy that meets the care and support needs of our most vulnerable older citizens.

QUESTION - COUNTY COUNCILLOR BRIDGEMAN

Can the Cabinet Member clarify the Council's position on the 3G pitch in Llanrumney on the Eastern Leisure Centre site?

REPLY - COUNTY COUNCILLOR BRADBURY

Congratulations on your maiden speech earlier on Councillor Bridgeman. I am pleased to advise you that the Council has committed a sum of £120k for the conversion of the hard court area at Eastern Leisure Centre to become a 3G surface.

GLL have also committed to contribute to the scheme and I anticipate the installation taking place during the current financial year.

The proposed scheme evidences this administration's commitment to investing in improved sporting facilities through partnerships.

SUPPLEMENTARY - COUNTY COUNCILLOR BRIDGEMAN

I thank the Cabinet Member for that positive reply, could the Cabinet Member ensure that the Community teams are prioritised and that they are affordable to local teams.

REPLY - COUNTY COUNCILLOR BRADBURY

We have put in place in other 3G schemes, a thing where preference is given to local teams to ensure that the local community do get first use of the facilities, I'm happy to talk to you about that, I can't make a commitment on fees but I would imagine they would be in line with our strategy on parks which of course means that under 16's teams on a Saturday morning would be able to use the facility for free. Can I, while I'm up congratulate my friend and colleague on his team's fine hospitality on Friday and their credible performance against the mighty Cardiff City and I think the whole chamber should applaud Taffs Well on the very credible 1-0 defeat.

SUPPLEMENTARY - COUNTY COUNCILLOR DRISCOLL

Danescourt have a number of successful football teams who are experiencing difficulty accessing artificial pitches in the area for a training facility I know that there will be new facilities in the proposed new school in the future however in the meantime can I ask the Cabinet Member will he work with me to try and secure access to an all-weather training facility that the boys can play on locally.

REPLY- COUNTY COUNCILLOR BRADBURY

I will work with you and Councillor Philippa Hill-John to discuss this, I played against many of the successful teams you've outlined in your question and I think it's important for the development of football all across the City that more of these facilities are available. We won't be able to deliver them all ourselves and you've alluded how we will be using schools money creatively to deliver facilities, I'm happy to sit with you and your colleague to discuss how we can try and make that happen.

QUESTION - COUNTY COUNCILLOR AHMED

What is the amount of business rates that we collect from Cardiff businesses?

REPLY - COUNTY COUNCILLOR WEAVER

The National Non-Domestic Rate income collected in 2016/17 was £189.057m. After adjusting for the cost of collection allowance and provision for non-payment, £186.465m was paid into the national pool. The Council received £105.994m of redistributed rates back.

For 2017/18, the Council has budgeted to pay £192.53 million into the pool and to receive £115.48 million back. However, the actual Non-Domestic Rate income will be dependent upon the collection rate achieved.

These figures do not include any Non-Domestic Rates collected in relation to the Cardiff Business Improvement District which is paid over to the Cardiff BID Company under a separate arrangement.

SUPPLEMENTARY - COUNTY COUNCILLOR HOWELLS

Can I ask how many of those businesses pay their business rates by direct debit?

REPLY - COUNTY COUNCILLOR WEAVER

I have no idea but I will email you with the answer.

45 : URGENT BUSINESS

There was no urgent business for this meeting.

46 : MEMBERS' SCHEDULE OF REMUNERATION 2017 - 2018

The Members' Schedule of Remuneration 2017-18 was submitted for approval along with delegate authority to the Monitoring Officer to update the Members' Schedule of Remuneration as required

RESOLVED - That

1. the Members' Schedule of Remuneration 2017-18 based on the proforma schedule provided by the Independent Remuneration Panel for Wales was approved for publication by 31 July 2017;
2. delegated authority was approved for the Monitoring Officer to update the Members' Schedule of Remuneration and to make any necessary amendments to the 2017-18 Schedule from time to time during the municipal year in order to reflect any changes in membership of the Council, Cabinet or Committees or as a result of any Supplementary Reports issued by the Independent Remuneration Panel for Wales.

47 : COMMITTEE MEMBERSHIP

The Council received nominations from Party Groups to fill vacancies on Committees of the Council.

RESOLVED – That the following appointments were approved: -

Committee	Appointment
Audit Committee	Councillor Chris Lay
Health & Safety Advisory Group	Councillor Jim Murphy

Works Council	Councillor Lee Bridgeman to replace Councillor Ed Stubbs
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48 : APPOINTMENT OF MEMBERS TO SERVE ON OUTSIDE BODIES

The Council received nominations from Party Groups to vacancies that exist as Council representatives on Outside Bodies.

RESOLVED – That the following appointments to Outside Bodies were approved: -

Name of Organisation	Appointment
Cardiff Biodiversity Partnership <i>(soon to be known as Cardiff Local Nature Partnership)</i>	Councillor Bob Derbyshire
Cardiff & Vale Regional Partnership Board	Councillor Lynda Thorne
Sport Wales Community Chest	Councillor Sean Driscoll
Standing Advisory Council for Religious Education (SACRE)	Councillor Jane Henshaw

(The meeting closed at 20.40)

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PUBLIC QUESTION NO. 1

CARDIFF COUNCIL

COUNCIL : 28 SEPTEMBER 2017

**QUESTION TO COUNTY COUNCILLOR MERRY
(EDUCATION, EMPLOYMENT AND SKILLS PORTFOLIO)**

PUBLIC QUESTION FROM ALISON HOOD

What is the Council going to do to help single parents and that of working families who are no longer eligible for free transport from Pentwyn to Llanishen as £420 a year and almost a 3 mile walk for an 11 year old is simply not affordable or safe?

Mae'r dudalen hon yn wag yn fwriadol

**COUNCIL:****28 SEPTEMBER 2017**

**STATEMENT OF ACCOUNTS 2016/17 AND ANNUAL TREASURY
MANAGEMENT REPORT 2016/17****REPORT OF THE CORPORATE DIRECTOR RESOURCES**

Appendix 7, Annexes B & C are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of schedule 12A of the Local Government Act 1972.

Reason for this Report

1. The Statement of Accounts for 2016/17 is presented in order to meet the requirement of the Accounts and Audit (Wales) Regulations 2005 (as amended). This provides that the Statement of Accounts be approved by a relevant committee or by the Council meeting as a corporate body, such approval to take place before the 30 September immediately following the end of the financial year.
2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance, on the key matters arising from the audit examination of the Statement of Accounts for the year ending 31 March 2017.
3. In accordance with the Council's Treasury Management Policy Statement, the Annual Treasury Management Report for 2016/17 is presented based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

Background

4. The Statement of Accounts in Appendix 1 presents the accounts for The County Council of the City and County of Cardiff for the financial year 2016/17. Regulations require that the Responsible Finance Officer sign the accounts by 30 June, and that the audited accounts are approved by Council by 30 September. Following production of the accounts which were presented to the Audit Committee in June, the accounts were submitted to Wales Audit Office (WAO) on 15 June for external audit. In addition the accounts have been available for public inspection as required by sections 30 and 31 of the Public Audit (Wales) Act 2004 and Regulations 13,15 and 16, of the Accounts and Audit (Wales) Regulations, 2005 (as amended).
5. The Audit Committee met on the 18 September 2017 where the "Audit of Financial Statements Report" for both the main financial statements and the Cardiff and Vale

Pension Fund and Cardiff Harbour Authority were presented by Wales Audit Office. No issues were raised by Audit Committee.

The County Council of the City and County of Cardiff Accounts

6. Some of the main points evident in the 2016/17 Statement of Accounts are:

- The Council Fund Balance has reduced by £1.000 million to £14.255 million as at 31 March 2017, this was budgeted to be used to support the budget for 2016/17. The detailed position in relation to the Outturn Report for the Council was presented to the 6 July 2017 Cabinet meeting.
- Council Fund Earmarked Reserves including any share of joint committee reserves increased by £7.165 million to £59.391 million as at 31 March 2017. Earmarked reserves are amounts set aside to provide financing for future expenditure plans. Page 45 of the Statement of Accounts highlights the reserves held and movements to and from them in the year. Reserves continue to be reviewed in accordance with accounting practice and in order to improve financial resilience where possible.
- The Housing Revenue Account (HRA) balance remained at £8.438 million as at 31 March 2017. The HRA earmarked reserves increased by £3.132 million, this was in the main due to a new Housing Development and Acquisition earmarked reserve – further details can be found on page 50 of the Statement of Accounts. These are available for spending on HRA matters only.
- The Council's net pension's liability at 31 March 2017 is £586.723 million. This reflects the benefits earned by past and current employees and the resources the Council has set aside to meet them and is based on assumptions made by the Council's Actuary including financial, demographic and changes in experience assumptions. The actuarial valuation of the Pension Fund took place in 2016/17, and the figure in the Account includes updated assumptions. The Council has a 20 year recovery plan in place to manage the deficit.
- Investment properties, schools, assets classified as surplus and art and civic regalia were revalued during the year. Any such movements are accounting adjustments which are reversed elsewhere in the accounts and so do not have an impact on the council tax or rent.
- Long term liabilities have increased by £49.760 million, primarily due to an increase in long-term borrowing and the increase in the net pensions liabilities.
- Income meeting the definition of usable capital receipts during the year totalled £10.684 million. This included £2.991 million in respect of the Right to Buy Scheme for Dwellings, £1.6 million in respect of sale of land and former Council administrative offices at Bessemer Close, £893,000 related to the sale of a former youth hostel at Wedal Road and £800,000 in relation to the disposal of Suffolk House. Where receipts are carried forward in the Usable Capital Receipts reserve, they are earmarked for future capital schemes.

7. Other accompanying notes included in the statements either as a result of legislative or accounting requirements are:-

- Disclosures on financial instruments (Financial Assets and Financial Liabilities)
- Capital Expenditure and financing
- Officer remuneration and exit packages and
- Civil Parking Enforcement funds

8. Attached at Appendix 2 is the “Audit of Financial Statements Report”, which is presented to Council in order to fulfil the requirement of the International Standard on Auditing (ISA) 260 and in discharge of the External Auditor’s duty.
9. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with a signed Final Letter of Representation which is included within the Audit of Financial Statements Report.
10. There are currently no misstatements identified in the financial statements, which remain uncorrected. Corrected misstatements are summarised in Appendix 3 to the Audit of Financial Statements Report (Appendix 2).
11. The WAO report also highlights a number qualitative findings, which they have stated as follows:
 - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017/18.
 - **There are two other matters discussed and corresponded upon with management which we need to report to you.** In 2015/16 officers accepted our recommendation to review the classification of Investment properties to ensure they fully meet the Code’s definitions. The first part of a comprehensive review was to revalue all investment properties and this has been completed in 2016/17. The second part to be carried out by officers in 2017/18 will be to consider each investment property against the Code’s definitions, and we will work closely with officers to inform this review. Officers have not made any changes to the classification of investment properties in the 2016/17 accounts. We also flagged to officers that improvements are needed in the description of assets and, in particular, infrastructure assets within the Council’s fixed assets registers. This will ensure that assets are more clearly identifiable, can be tracked year to year, and officers can confirm they are accounted for and depreciated correctly in line with the Council’s accounting policies.
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**
12. The accounts were submitted to Wales Audit Office on the 15 June 2017 and an external audit undertaken over a three month period. In addition, the accounts were available for public inspection between the 26 June 2017 and 21 July 2017. In the last two weeks, Wales Audit Office have notified the Council of a query brought to their attention. Until this was investigated WAO were unable to formally complete the audit.

This has now been resolved and a certificate is attached as Appendix 8. This replaces pages 17 and 18 in Appendix 1 which were left intentionally blank, pending consideration of this issue by WAO.

Cardiff and Vale of Glamorgan Pension Fund Accounts

13. The accounts for the Cardiff and Vale of Glamorgan Pension Fund are included in the Statement of Accounts in Appendix 1 (pages 103 to 125) and have been audited by the Wales Audit Office. The auditor's draft "Audit of Financial Statements Report" for the Pension Fund is attached as Appendix 3.
14. The Cardiff & Vale of Glamorgan Pension fund assets rose by 21.1% during 2016/17 from £1.653 billion to £2.002 billion as at 31 March 2017. Over the longer term, returns on the fund's investments have averaged over 10% per annum.
15. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with a signed Final Letter of Representation, which is included within the Audit of Financial Statements Report.
16. There are no uncorrected misstatements in the accounts of the Cardiff and Vale of Glamorgan Pension Fund. The amendments that have been made to the accounts are highlighted in Appendix 3 to the Audit of Financial Statements Report.
17. WAO Audit of Financial Statements Report also highlights a number qualitative findings, as follows:
 - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and generally easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017/18.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Cardiff Port Health Authority and Cardiff Harbour Authority Accounts

18. The Council's external auditor is also required to audit the annual return of the Cardiff Port Health Authority (CPHA) and the audit opinion is attached at Appendix 4.

19. The Council's external auditor is also required to audit the annual accounts of the Cardiff Harbour Authority and the report 'Audit of the Financial Statements' in respect of the Cardiff Harbour Authority and Final Letter of Representation is attached at Appendix 5.
20. WAO intend to issue an unqualified audit report on the financial statements once they have been provided with a signed Final Letter of Representation, which is included within the Audit of Financial Statements Report.
21. There are no uncorrected misstatements in the accounts of the Cardiff Harbour Authority. The amendments that have been made to the accounts are highlighted in Appendix 3 to the Audit of Financial Statements Report.
22. WAO Audit of Financial Statements Report also highlights a number qualitative findings, as follows:
 - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017/18.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Overview of the External Auditor's Audit Opinion

23. Local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. A summary Statement of Accounts note is included at Appendix 6, extracting the main statements.
24. Following the period of external audit it is pleasing to note that any recommended amendments and qualitative findings following a thorough audit are minimal for an authority the size and complexity of Cardiff. Officers of the Council have worked extremely closely with Wales Audit Office in support of their audit role and will take forward the recommendations from the Audit Report.

25. Future years changes in the Statement of Accounts include:-

- Implementation of new accounting requirements such as IFRS 9 Classification of Financial Instruments which is due to be considered for the 2018/19 financial year.
- Review of investment property classification in 2017/18.
- The need to continue to simplify and de-clutter accounts, with the aim of supporting the reader of the accounts
- The need to minimise the period over which the accounts are prepared and also audited as a result of changes in legislation. This is to enable performance of the Council to be determined earlier and also ensure more effective use of resources that go into preparing these accounts.

26. The above items will need to be considered with Wales Audit Office during 2017/18 and beyond.

Treasury Management Annual Report 2016/17

27. The Treasury Management Annual Report is attached at Appendix 7. It sets out the economic background within which treasury activities were conducted, the position on investments and borrowing at 31 March 2017, it indicates compliance with indicators set in the budget report for the year and sets out key issues that are being monitored closely in 2017/18 that could impact on treasury activities.

28. The Annual report has been reviewed by Audit Committee in accordance with their terms of reference and they were content with the evidence provided in the report to support compliance with the Treasury Management Principles.

29. The overall position on investments and external borrowing are:

- At the 31 March 2017, investments stood at £68.6 million and were deemed to be fully recoverable. The overall level of interest receivable from treasury investments totalled £0.6 million.
- The organisations with whom the Council invest with continue to be monitored closely by the Council together with its Treasury Advisors. This is in accordance with the criteria set out in the Council's Investment Strategy for 2016/17, with diversification sought where possible. An update on the 2017/18 Mid Year Treasury Management position will be provided to Council in a further report.
- At the 31 March 2017, the Council had £674 million of external borrowing in order to pay for historical capital expenditure, with a further £50.0 million being internal borrowing. The former is predominantly made up of fixed interest rate borrowing from the Public Works Loan Board payable on maturity. The average rate on the Council's borrowing is 4.74% at the 31 March 2017 and total interest paid on the external debt, which includes the Housing Revenue Account, was £32.3 million.

Legal Implications

30. The Report is reported to Council to meet statutory, regulatory and codified requirements to do so. There are no direct legal implications arising.

Financial Implications

31. This report is presented to Council in discharge of its duty to approve the Council's audited accounts on or before 30 September of the year relating to the end of the accounting period and also to receive the annual Treasury Management Report for 2016/17 in accordance with Council Treasury Management Policy.
32. The Council's financial standing as set out in the Financial Statements, the Appendices and this report will be considered as part of the budget report for 2018/19.

RECOMMENDATIONS

Council is requested to:

1. Approve the audited Statement of Accounts for the ended 31 March 2017 (Appendix 1).
2. Note the Audit reports of the Wales Audit Office on the Statement of Accounts of County Council of the City and County of Cardiff, Cardiff and Vale of Glamorgan Pension Fund, Cardiff Port Health Authority and Cardiff Harbour Authority for the year ending 31 March 2017 (Appendices 2, 3, 4 and 5).
3. Note the final Letters of Representation for the County Council of the City and County of Cardiff, Cardiff and the Vale Pension Fund and Cardiff Harbour Authority.
4. Note that the following documents will be formally signed at the conclusion of the meeting:
 - Statement of Accounts for County Council of the City and County of Cardiff including the Cardiff and Vale of Glamorgan Pension Fund – Lord Mayor and Corporate Director Resources
 - Statement of Accounts for Cardiff Harbour Authority – Corporate Director Resources
 - Annual Return of Cardiff Port Health Authority – Corporate Director Resources and Lord Mayor
 - Annual Governance Statement (within the accounts) – Leader of the Council and Chief Executive
 - Audit Certificate for the County Council of the City and County of Cardiff, Cardiff and the Vale of Glamorgan Pension Fund and Cardiff Harbour Authority – Appointed Auditor, Wales Audit Office. To be signed at a later date.
 - Letters of Representation for the County Council of the City and County of Cardiff – Corporate Director Resources and Lord Mayor
 - Letter of Representation for Cardiff and Vale of Glamorgan Pension Fund – Corporate Director Resources and Lord Mayor
 - Letters of Representation for Cardiff Harbour Authority – Corporate Director Resources and Lord Mayor
5. Note the Treasury Management Annual Report for 2016/17 (Appendix 7).

CHRISTINE SALTER
Corporate Director Resources

The following appendices are attached:

Appendix 1 – Statement of Accounts 2016/17

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

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

Appendix 4 - Cardiff Port Health Authority Annual Report audit opinion

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

Appendix 6 – Summary Statement of Accounts 2016/17

Appendix 7 – Treasury Management Annual Report 2016/17

Appendix 8 – Audit Report

Statement of Accounts

› 2016/17



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

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STATEMENT OF ACCOUNTS

2016/17

OF

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

1.1 Narrative Report

Introduction

This document presents the Statement of Accounts for The County Council of the City and County of Cardiff. These are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The Financial Statements

The financial statements, accompanied by a Statement of Responsibilities and the Auditor's Report, are set out on pages 19 to 148 and comprise:

Accounting Policies, Critical Judgements and Assumptions (page 19)

The accounting policies applied by the Council, critical judgements made in their application and areas of the accounts where significant estimates or assumptions are made.

Comprehensive Income and Expenditure Statement (page 35)

This statement provides information on how the Council has performed throughout the year and as a result, whether or not their operations have resulted in a surplus or a deficit.

Movement in Reserves Statement (page 37)

This statement shows the changes to the Council's reserves over the course of the year and therefore the movements in the financial position of the Council.

Balance Sheet (page 39)

This statement provides a 'snapshot' of the financial position at 31st March, showing what the Council owns and owes.

Cash Flow Statement (page 41)

This statement shows the reason for changes in the cash and cash equivalents of the Council during the reporting period.

Notes to the Core Financial Statements (page 42)

These are the notes that accompany the main financial statements.

Housing Revenue Account (HRA) (page 96)

This separate account must be maintained to record income and expenditure arising from the provision of Council Housing.

Cardiff & Vale of Glamorgan Pension Fund Accounts (page 103)

This account shows the contributions received from fund members, payments to pensioners, investment incomes and the value of net assets of the Cardiff and Vale of Glamorgan Pension Fund, which the Council administers.

Group Accounts (page 126)

These accounts are prepared in addition to the single entity accounts where Local Authorities have material interests in subsidiary and associated companies and joint ventures. Due to materiality, the Council only consolidates the accounts of Cardiff Bus Ltd.

Trust Funds (page 147)

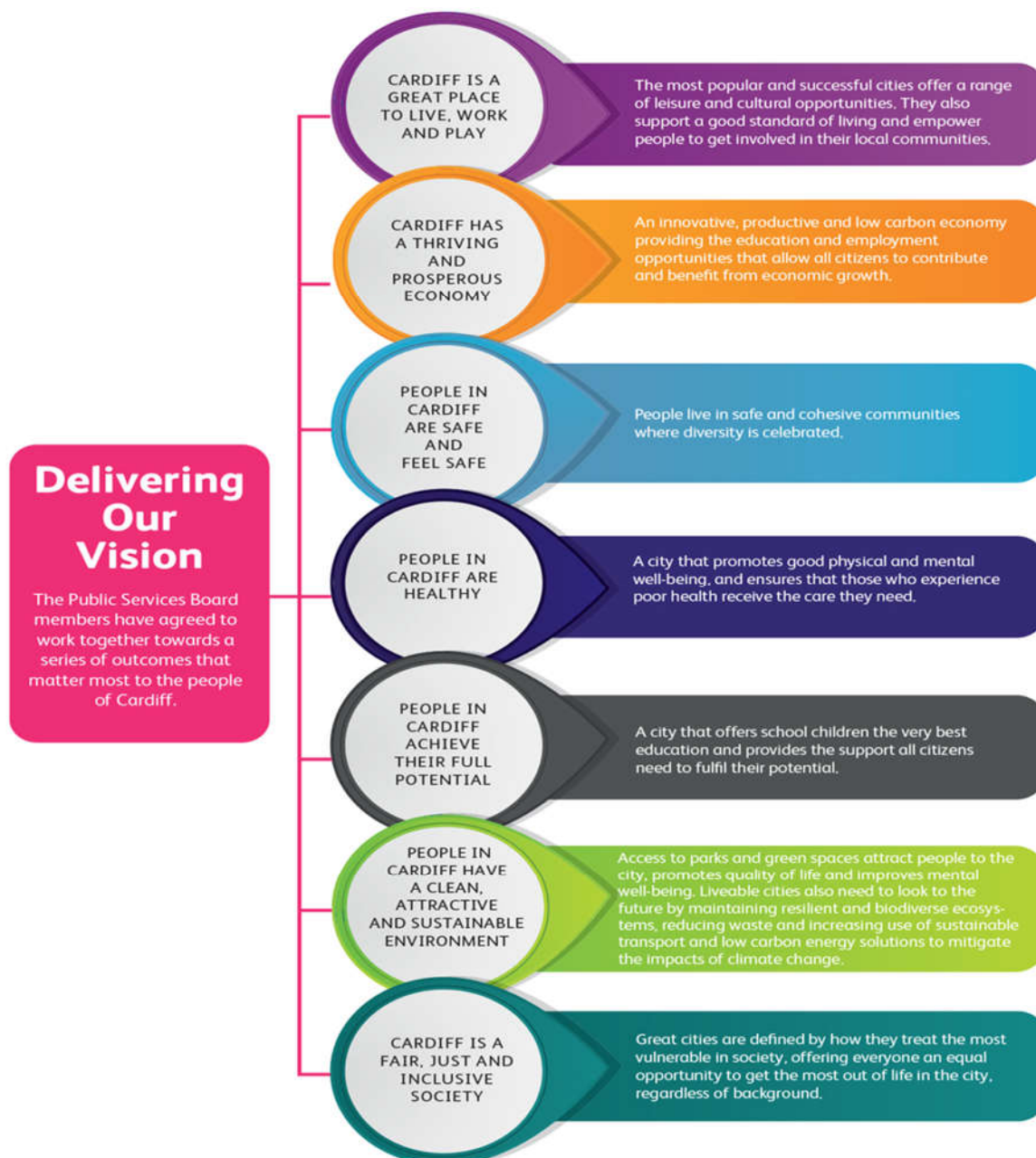
Various bequests and donations are held in Trust Funds. Income generated from the investments is available for grants and awards in accordance with the objectives of the Trusts.

Narrative Report

The County Council of the City and County of Cardiff (the Council)

Cardiff is the Capital City of Wales. With a population of 357,200 it is not only the largest local authority in Wales, it has also experienced the largest population growth in Wales over the last decade.

The Council works with public service partners to meet collective objectives for improving the well-being of the city and its residents and works together towards a series of outcomes that matter most to its' people.



Everyone in Cardiff uses public services and it is sometimes easy to forget about all the important services that the Council delivers - every day - to people across the city. Over 700 services to residents in 151,000 households, helping to support local communities and improve the lives of local people.

The Council is responsible for collecting bins, cutting grass and cleaning streets, but it also provides support for older people and people with disabilities. It runs schools and manages a high quality housing stock, ensures that public and consumer safety is upheld to the highest standards as well as looking after children who are in care.

Narrative Report

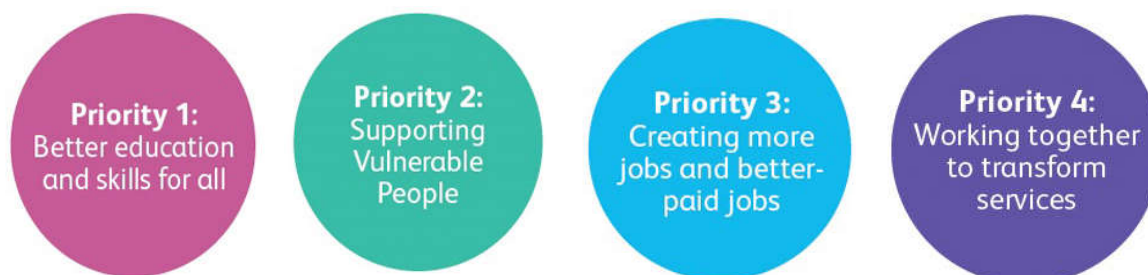
The Council also ensures delivery of leisure facilities across the city, making a positive impact on the health and well-being of communities with parks and green spaces also a huge part of the city's appeal. On 1st December 2016, 8 leisure and community facilities were transferred to be operated by Greenwich Leisure Limited under a 15 year contract. Cardiff has a long and successful track record of delivering major sporting events and has a strong cultural offer. As well as those living in the city, over 80,000 people commute into Cardiff every day from across the city-region. This represents over one third of the city's workforce. Keeping the city and the city-region moving is therefore a top priority and requires planning and delivering with our neighbours across the Cardiff Capital Region. The Council plays a crucial role as it maintains roads and highways as part of a wider strategy for dealing with traffic and congestion including encouraging a shift towards more sustainable modes of travel, to get around Cardiff in a convenient, safe and more environmentally friendly way.

On 1 March 2017 the £1.2 billion Cardiff Capital Region City Deal (CCRCD) between the UK Government, the Welsh Government and 10 councils in South East Wales, was formally ratified. This proposes investment over a 20 year period with the key aims to create 25,000 new jobs by 2036 and secure an additional £4 billion of private sector investment.

The CCRCD Investment Fund comprises two distinct elements:-

- £734 million – METRO transportation schemes to be delivered by Welsh Government.
- £495 million – Regional Investment Fund, comprising the ten constituent councils' commitment to borrow £120 million over the 20 year period together with £375 million grant from the UK Government. This is to be used for investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals. The Council will make a 23.7% contribution to the £120 million based on its proportion of the regional population and will be the accountable body for the Joint Committee.

The Council's Corporate Plan sets out what we will do, how we will do it, and how our progress is monitored. Pressures being faced by the Council need to be taken into account when developing this plan. For instance, Cardiff is projected to have the fastest growing population of any city in the UK. This means an increasing demand for key services and additional financial pressures. Accordingly, our energy and scarce resources are focused on four priority areas:



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

Medium Term Financial Plan

The 2017/18 budget was approved by Council on 23 February 2017 and addressed a funding gap of £25 million. The gap was bridged by a combination of savings, use of earmarked reserves, a cap on schools growth and a 3.7% Council Tax increase.

The economic climate and need to continue to demonstrate value for money will mean that cost pressures, increased demand for services and reductions in funding for Local Government will continue for a number of years as highlighted in the Council's Medium Term Financial Plan (MTFP) assumptions.

Narrative Report

The budget report of February 2017 identifies, as a best case scenario, a budget gap of £80.9 million over the three year period 2018/19 – 2020/21.



Closing this gap will be extremely challenging, especially bearing in mind that the Council has already made savings of £213 million over 10 years. The Council also plans significant investment in new school buildings, regeneration of Central Square and creation of a new transport interchange. These schemes rely on the disposal of land to help meet the costs. The Council's successful bid along with its partners for the City Deal will also require investment to be paid for by borrowing. Accordingly borrowing represents an ongoing risk in terms of increasing the Council's requirement for any such expenditure to be paid back from future revenue resources.

Council Expenditure and Funding in 2016/17

Revenue Expenditure and Funding

The final revenue outturn position indicates that the Council has maintained its spending within its overall 2016/17 net revenue budget set in February 2016 of £578 million. This also enabled contributions to be made in the year to new strategic reserves that will benefit the Council in the medium term.

Directorate Outturn 2016/17

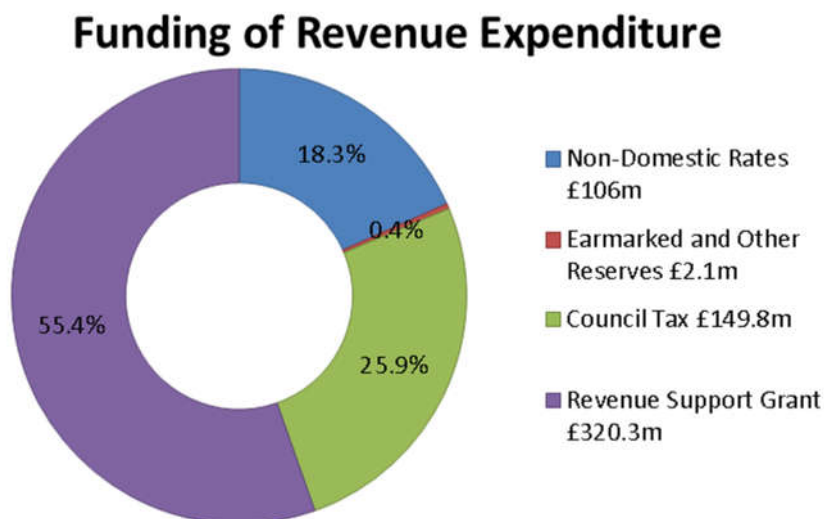
Directorate	Net Expenditure Budget £000	Net Expenditure Outturn £000	Variance (Under)/Over £000
City Operations	32,905	34,078	1,173
Communities, Housing & Customer Services	43,783	43,408	(375)
Corporate Management	24,336	24,665	329
Economic Development	13,120	13,095	(25)
Education & Lifelong Learning	244,019	244,197	178
Governance & Legal Services	4,771	4,541	(230)
Resources	19,845	19,680	(165)
Social Services	146,286	153,031	6,745
Directorate Outturn Subtotal	529,065	536,695	7,630
Capital Financing	35,310	34,790	(520)
General Contingency	4,000	0	(4,000)
Summary Revenue Account	9,486	6,371	(3,115)
Discretionary Rate Relief	300	305	5
Total Council Outturn	578,161	578,161	0

During 2016/17, the Council's monitoring process identified financial pressures in a number of directorates, notably Social Services for adults and children, City Operations, Corporate Management and Education & Lifelong Learning. This reflected a range of factors including increased demographic and cost pressures, shortfalls in income and the failure to fully achieve the savings targets set as part of the 2016/17 budget. This is reflected in the overall directorate outturn position which shows an overspend

Narrative Report

of £7.630 million. Directorate overspends were partially offset by a £4.0 million contingency budget which was maintained as part of the 2016/17 budget in order to reflect the quantum, risk and planning status of the proposed savings in 2016/17. Favourable variances were also realised in other areas including Capital Financing, Council Tax collection, Non Domestic Rate refunds on Council properties and the Council's Summary Revenue Account.

The chart that follows shows how revenue monies spent during the year were paid for:-



Council Tax:

Council Tax is collected by the Council and includes precepts for the police and community councils where applicable. These precepts are then passed onto the relevant bodies.

- Total Council Tax income funds just over a quarter of the Council's net expenditure
- At the end of March 2017 the provision for bad debt relating to Council Tax was £5.9m
- The Council Tax collection rate for 2016/17 was 97.5%.

Non-Domestic Rates and Revenue Support Grant:

Non-Domestic Rates (NDR) are levied based on the value of buildings used in business or for non-domestic purposes. The rates are set by the Welsh Government but collected by the Council. The funds are collected in one pool and redistributed to Councils on the basis of adult population. Revenue Support Grant from Welsh Government is provided as a contribution towards the cost of running services.

- The Welsh Government 2016/17 NDR rate is 48.6p per pound of the business' rateable value
- The net NDR collected by Cardiff for 16/17 totalled £186m - Cardiff received £106m after redistribution
- The majority 55% of total funding for the year 2016/17 is received through Revenue Support Grant.

Narrative Report

Housing Revenue Account (HRA)

Income including rent and charges for services totalled £69.418 million. Expenditure included £19.959 million on repairs and maintenance, £19.239 on supervision and management and £26.588 million on capital financing including a contribution to capital works. The Housing Revenue Account (HRA) shows a balanced position after transfers to earmarked reserves of £3.132 million, which includes a reserve for housing development and acquisitions.

The Council revalued Council Dwellings in 2015/16 with the vacant possession value of Council Dwellings deemed to be £1.3 billion. In accordance with valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 40% in order to show the economic cost of providing social housing to tenants at less than market rents.

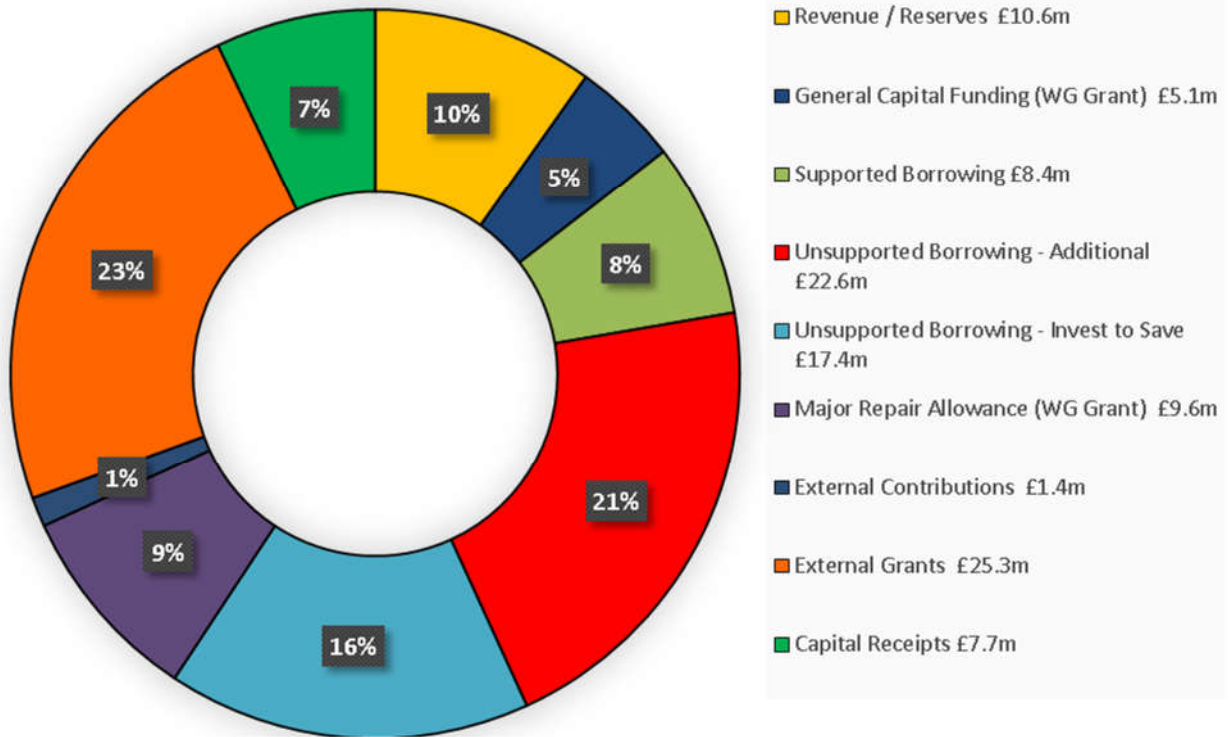
Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets that are used in the provision of services or specified by legislation. Expenditure totalled £108.1 million. The main items of capital expenditure are described in the following table.

Schemes	Detail	£m
Housing & Neighbourhood Regeneration	Disabled adaptation grants, allowing people to live independently in their homes, environmental improvements including shop fronts in Grangetown and the start of a comprehensive regeneration scheme for Maelfa Centre in Llanedeyrn.	7.0
Education & Lifelong Learning	Continued investment in a number of schools as part of the 21st Century Schools Plan including the new Eastern High School, a new high school in the West, three new primary schools and extensions of facilities at a number of schools. Additional investment in the condition of properties to address electrical compliance works.	32.7
Highways & Transportation	Road and footpath resurfacing, road safety improvements, LED street lighting energy efficiency, public transport and telematics. Also Windsor Road bridge replacement, cycling strategy implementation, investment in safe routes in communities, bus priority improvements on A469 and A470 and moving traffic offences expansion as well as other pedestrian and junction improvements.	14.1
Leisure Facilities and Citizen Hubs	Completion of refurbishment of Eastern Leisure Centre, Insole Court and the development of hubs in areas of need including the new STAR hub and pool, Llanedeyrn, Llandaff North and Gabalfa hubs.	7.1
City Development	Land acquisition at Dumballs Road, waste removal at International Sports Village and public realm design to allow regeneration of Central Square.	14.0
Parks and Energy Projects	New 3G football pitches, completion of the wet play area at Victoria Park and Hydro energy generation measures at Radyr Weir.	1.9
Waste Management	Development of Lamby Way household waste recycling facility.	1.9
Housing Revenue Account – Public Housing	Estate regeneration, garage site improvements, investment in stock condition and remodelling, Disabled adaptations, development costs of new build housing and contribution to Citizen Hubs.	24.2
Other	Modernising ICT to improve business process, business investment grants, investment in arts venues, relinquishment of Global Link offices, day centre opportunities strategy and purchase of investment property.	5.2

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

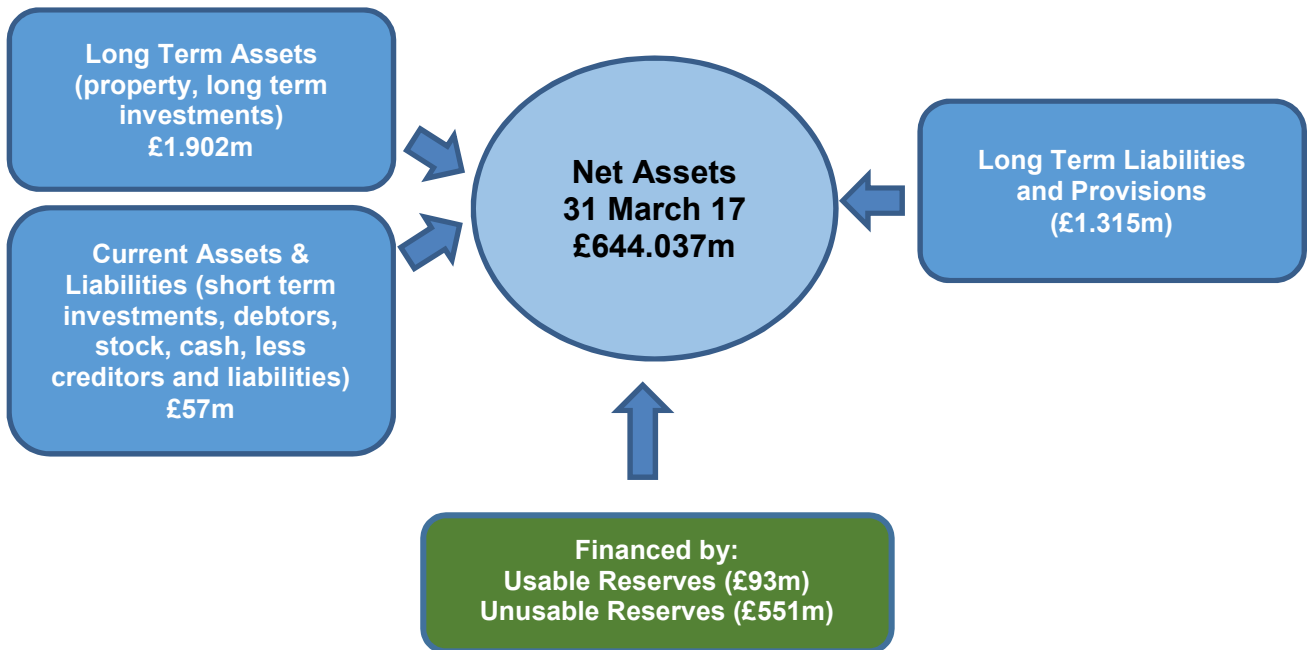
Funding of Capital Expenditure



The impact of the low level of support from Welsh Government for capital resources has been that the Council has to find a greater share of its requirement to meet essential investment via unsupported borrowing. Unsupported borrowing was used to pay for £40 million of expenditure during 2016/17 with additional commitments set out in future capital expenditure plans approved in the Budget report of February 2017.

Financial Position

The balance sheet of the Council is summarised below and shows its assets and liabilities



Narrative Report

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

The valuation of assets involves a number of assumptions, however, movements in asset valuations as well as any accounting charges resulting such as depreciation have no impact on the council tax or rent payable as they are required to be reversed from unusable reserves. Note 19 details movements in assets, capital expenditure and its financing, the main changes were;

- The purchase of land at Dumballs Road.
- Investment properties, schools, assets classified as surplus and the Councils art and civic regalia were re-valued during 2016/17 as part of a rolling programme of revaluation.
- Capital receipts from the disposal of property assets and similar income was £10.7 million. The most significant property disposals generating a receipt included the sale of a former youth hostel at Wedal Road, Land and former Council administrative offices at Bessemer Close, former trading standards office at Bridge Street, Suffolk House and Council dwellings sold as under the Right to Buy scheme for eligible tenants.
- Legal ownership of Whitchurch High school and associated properties were transferred to the Governors during the year, following the statutory vesting by Welsh Government. In accordance with accounting practice relating to recognition of schools on the Balance Sheet, this transfer is shown as a loss on disposal of assets during the year.

Investments

Investments for treasury management purposes are £68.6 million at 31 March 2017 and are represented by temporary cash balances deposited with financial institutions. Note 20 of the accounts provides further information on the Council's financial assets and liabilities and the nature and extent of risks involved.

Whilst the Council's 100% shareholding in Cardiff Bus is not quoted on a recognised stock exchange, for accounting purposes, the Council is required to make an estimate of its value. This is done using the Company's Earnings before Interest Tax Depreciation and Amortisation (EBITDA) for the year, a multiplier of enterprise value and the pension fund deficit. The value in the balance sheet at 31 March 2017 reduced by £3.5 million to £13.3 million. This is due to lower earnings and an increased pension deficit.

Borrowing

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. The Council continues to use some of its temporary cash balances to pay for capital expenditure. All loans are in the name of the Council and not separated for Housing Revenue Account or Council Fund purposes.

The Council has fixed interest loans of £674 million at the end of the year, of which £617.2 million is owed to the Public Works Loan Board (PWLB) and £56.8 million is owed to other bodies, primarily financial institutions.

During the year external loans totalling £6.8 million were repaid and £14.6 million of new loans were raised, with the overall interest rate on the Council's borrowing being an average of 4.74% at 31 March 2017. Interest payable on borrowing was £32.2 million during 2016/17, of which £12.5 million was payable by the Housing Revenue Account.

Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but where the exact amount and timing of payment may be uncertain. During 2016/17, total provisions decreased by £3.3 million to £34.9 million. These include a net decrease in insurance provisions of £1.1 million and a

Narrative Report

decrease in Landfill site provisions of £1.4 million. Details of the movement of individual provisions are shown in note 26 to the Core Statements.

Pensions Liabilities

- The Council's future liability in respect of pension benefits payable, compared to assets held, is £586.723 million at 31 March 2017.
- The Council is a member of the Cardiff and Vale Pension Fund. The cost to the Council during the year for pension liabilities is £43 million.
- The fund's assets at 31 March 2016 cover 85% of future liabilities
- A 20 year recovery plan has been in place to restore the value of assets to 100% of the liability in respect of service prior to the most recent valuation date.

Further details are given in note 18 to the Core Financial Statements.

Balances and Reserves

Balances represent accumulated surpluses retained by the Council and Reserves are sums of money put aside for specific uses. Earmarked reserves are detailed in note 2 to the core statements whilst other usable and unusable reserves are shown in notes 29 and 30 to the core statements respectively. Total usable reserves increased by £11 million to £93.3 million at 31 March 2017. Of this balance £14.255 million related to the Council Fund Balance which is held for contingencies and is retained at a level after consideration of financial resilience and risks by the Section 151 Officer.

Usable Reserves	£000	£000
Balance on 1 April 2016		82,296
Movements to/(from) reserves:		
Council Fund Balance	(1,000)	
Council Fund Earmarked Reserve	7,165	
Housing Revenue Account Balance	0	
Housing Revenue Account Earmarked Reserves	3,132	
Capital Receipts Reserve	1,782	
		11,079
Balance on 31 March 2017		93,375

Prior Period Adjustments

In relation to the single entity core statements restatements have been made to the 2015/16 balances as follows -

- The Municipal Mutual Insurance (MMI) provision that was shown in 2015/16 has been split between provisions and earmarked reserves.
- Assets previously classified as assets under construction (AUC) were moved to intangible assets including AUC. These changes have been made to improve the accuracy of the comparators in the accounts.
- A restatement in relation to the pensions information was required as two joint committees; Regional Adoption Service and Shared Regulatory Service, which had previously not disclosed separate pension information included this in the 2016/17 accounts and this required the 2015/16 balances to be restated.
- The Comprehensive Income & Expenditure Account was restated for the prescribed change in the Code in relation to the format of reporting the net cost of services. This was previously presented based on SERCOP classifications but a change in 2016/17 means this is now reported on the basis of the internal management reporting structure.

Narrative Report

- The Economic Development line was also restated to reflect the agency arrangement in relation to the treatment of the Prosiect Gwyrdd contract costs. This involved both the income and expenditure being stripped out but as these amounts were the same, this had no impact on the bottom line.

These changes were reflected in the group accounts along with the figures from Cardiff Bus 2015/16 final accounts, as these were not available at 30 September 2016.

Cardiff and Vale of Glamorgan Pension Fund

The Council administers the Fund on behalf of the two Local Authorities and other contributing bodies. In 2016/17 pension benefits payable by the Fund totalled £79.1 million and the contributions receivable from employers and employees totalled £82.0 million. Fund's assets increased by £349 million, from £1.653 billion to £2.002 billion. The valuation as at 31 March 2016 showed that the funding ratio of the Fund had improved since the previous valuation, with the market value of the Fund's assets at that date covering 82% of the pension liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable pay. The next valuation is due to take place during 2019.

Corporate Governance

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).

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 represents its code of governance, setting out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.

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.

The Framework comprises two core principles and five supporting principles:-

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.

The Annual Governance Statement (AGS) on pages 149 to 170 summarises the assessment of governance against the governance framework and comprises three elements:

Narrative Report

- 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.

Acknowledgements

Finally, I wish to thank staff within Finance, and their colleagues throughout the Council, who have worked on the preparation of these statements as well as Directors, Assistant Directors and all senior managers for their assistance and co-operation throughout this process.

Christine Salter
Corporate Director Resources
June 2017

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

The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2016/17 that officer was Christine Salter, Corporate Director Resources who holds the statutory post of Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Councillor Bob Derbyshire
Lord Mayor

Date: 28 September 2017

The Corporate Director Resources responsibilities

The Corporate Director Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code).

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

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

The Corporate Director Resources has also:

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

The Corporate Director Resources Certificate

The financial statements for The County Council of the City and County of Cardiff give a true and fair view of the financial position of the Council at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Christine Salter
Corporate Director Resources

Date: 28 September 2017

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

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Accounting Policies

Accounting policies used when formulating the accounts

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2017 and its financial position at 31 March 2017. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

1. Accounting policies issued but not yet adopted

There are no new accounting standards in the 2017/18 Code that are likely to have a material impact in the accounts.

2. Accruals of Income and Expenditure

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

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received are recorded as expenditure when the services are received rather than when the payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

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

4. Contingent assets and liabilities

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

5. Deferred Liabilities

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

Obligations under finance leases are treated as deferred liabilities and measured on the basis disclosed in accounting policy 19.

Accounting Policies

6. Disposals and Capital Receipts

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

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

The written-off value of disposals is not a charge against council tax or rent, as amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

7. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

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

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

Defined Benefit Schemes

The Cardiff and Vale of Glamorgan Local Government Pension Scheme is a defined benefit scheme. The liabilities for the Cardiff and Vale of Glamorgan Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of the calculation is the projected unit method i.e. as assessment of the future payments that will be made in relation to retirement benefits earned to date

Accounting Policies

by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections earnings for current employees.

Liabilities are discounted to their value at current prices, determined in reference to market yields of high quality corporate bonds.

The assets of Cardiff and Vale of Glamorgan Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The change in the net pensions liability is analysed in the following components:

- the current service cost has been based on the assumptions at the start of the year and the estimated pensionable pay over that year
- past service costs cover items such as the provision of enhanced or discretionary benefits on retirement. The costs included in the accounts for 2016/17 are the full costs relating to early retirements granted in the year, which have been calculated as the special contributions payable into the fund, adjusted for the financial assumptions used under IAS19, to represent the approximate cost of the increase in benefits granted to members under IAS19
- gains and losses on settlements and curtailments
- the net interest on the net defined benefit liability/asset is the interest on the present value of liabilities/assets and interest on the net changes in those liabilities/assets over the period, calculated using the discount rate at the start of the period.

Re-measurements comprising the following, are charged to the Pensions Reserve as Other Income and Expenditure:

- the return on the plan assets – excluding amounts included in net interest on the defined benefit liability
- actuarial gains/losses have been calculated by updating values from the last actuarial valuation to reflect conditions at the balance sheet date.

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

Defined Contribution Schemes

The Teachers' Pension Scheme is a defined benefit scheme but as the Council cannot identify its share of the underlying assets and liabilities in the scheme on a consistent basis; this scheme is to be accounted for as if it were a defined contribution scheme under IAS19.

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

8. Events After the Balance Sheet Date

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

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

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

9. Exceptional Items

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

10. Financial Assets

Financial assets are classified into three types:

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

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

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

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

Level 3 – unobservable inputs for the asset

Loans and Receivables: Initially measured at fair value and carried at their amortised cost. Where assets are identified as impaired, because of a likelihood arising from a past event, that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

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

Credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Interest that is due but unpaid at the end of the year is recognised in the Balance Sheet as a current asset.

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

Accounting Policies

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

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

Where the asset has fixed or determinable payments (e.g. interest), income is credited to the Comprehensive Income and Expenditure Statement for interest receivable based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments (e.g. dividends), income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

11. Financial Liabilities

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

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

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

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

Level 3 – unobservable inputs for the liability

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

- premiums are amortised to the Movement in Reserves Statement over the life of the replaced loan, replacement borrowing or other prudent period
- discounts are amortised to the Movement in Reserves Statement over the life of the replaced loan or 10 years (whichever is the shorter period).

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

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

12. Grants - Revenue

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

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

Accounting Policies

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

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

13. Grants and Contributions – Capital

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

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition in that the unused element could be returned to the funder.

Capital grants and contributions are identified separately on the Balance Sheet. Contributions such as those arising from Town and Country Planning Act 1990 obligations usually come with conditions that the funding can be clawed back by the provider if not spent within a certain period of time or if not spent on a specific project. Such items are treated as Capital Grants Receipts in Advance.

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

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

14. Intangible Non-Current Assets

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

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

15. Interests in Companies and Other Entities

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

16. Inventories

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

17. Investment Property

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

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

Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Rentals received in relation to investment properties are credited to the relevant service line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

18. Joint Committees

The relevant proportion of the transactions and balances of Joint Committees are included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet on a line by line basis. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee.

19. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

Accounting Policies

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

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Council Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is transferred out of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is transferred out of the Council Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and

Accounting Policies

Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

20. Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered, principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Annual reviews are undertaken as to whether assets still meet the criteria for Assets Held for Sale and where this is not the case they are reclassified and revalued in accordance with the appropriate class.

21. Overhead and Support Services Costs

The costs of overheads and support services are allocated to directorates in accordance with the Council's arrangements for accountability and financial performance.

22. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected by amending opening balances and comparative amounts for the prior period.

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

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

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

Recognition:

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

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

The Council has a de-minimis policy of £1,000 with regards to the capitalisation of expenditure in connection with Council dwellings.

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

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

Accounting Policies

Measurement:

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

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

- Infrastructure Assets, Community Assets and Assets under Construction – depreciated historical cost.
- The unique nature of Heritage Assets makes reliable valuation complex. These difficulties are recognised by the Code and so many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets. Heritage assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs.
- Council Dwellings – Existing Use Value for Social Housing (EUV-SH) This is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller, on the assumption that the property will continue to be let and used for social housing. The Council has used a discount factor of 40% to adjust beacon values to existing use value.
- Surplus Assets are valued at Fair Value, based on highest and best use.

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

Revaluation:

Asset revaluations take place with an effective date of 1 April of the financial year and are undertaken by professional valuers.

The Council must balance the requirement to ensure carrying amounts are not materially different from their fair or current value at the year-end, with the time, costs and resources involved in providing valuation services for accountancy purposes. It does this by:-

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

Revaluations of the Council's property assets are undertaken on a 3 yearly rolling programme basis, or where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision is made to the useful life.

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

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

Accounting Policies

Charges to Revenue for Non-Current Assets:

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

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

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

Impairment and Downward Revaluation:

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

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

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

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, heritage and community assets), as well as assets that are not yet available for use (i.e. assets under construction). For assets depreciated by the Council, it charges a full year's depreciation on capital expenditure incurred in the year.

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

Depreciation is calculated on the following range of useful lives:

Asset category	Initial Useful Life in years
Intangible Assets	3-5
Council Dwellings	50
Land	n/a
Buildings	3-65
Vehicles, Plant, Furniture and Equipment	5-15
Infrastructure*	7-120
Community Assets, Investment Properties, Heritage Assets, Surplus Assets and Assets Held for Sale	n/a

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

Component Accounting:

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

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

Assets that do not meet the tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

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

- plant, equipment and engineering services.
- structure.

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

24. Provisions

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

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

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

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

26. Reserves

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

27. Value Added Tax

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

Critical Judgements and Assumptions

Critical judgements in applying accounting policies

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

- There is a high degree of uncertainty about future levels of funding for local government, however the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. Lower levels of funding require prioritisation choices to be made and significant investment is required in property assets, that should be retained, and highway infrastructure in order to maintain their condition and usefulness in service delivery.
- In 2014/15, CIPFA clarified the requirements for recognising schools property on Council Balance sheets. This highlighted the need for there to be 'control' of assets, with a key criteria for recognition being legal ownership. The Council includes Voluntary Aided, Voluntary Controlled and Foundation schools in its balance sheet only if it owns the land and can accordingly direct the use of the assets. In most cases these are owned by religious bodies, the trustees or governing body of the school.
- The Council has recognised £132 million of investment properties, valued at fair value, in its balance sheet as at 31 March 2017. This includes ground leases to generate income, land purchased for regeneration to be paid for from their disposal proceeds, as well as land and buildings leased to external bodies to provide their services. The Code requires only those assets solely held for income generation or capital appreciation to be shown as investment properties. All other assets are required to be treated as operational assets and valued on a basis recognising their use by the Council in delivering Council services. Initial testing has shown that there are likely to be some properties included in investment properties that may not meet the current definition of the code and may need to be reclassified to and valued as operational assets even though the Council does not operate services from them. However, the Council needs to undertake a full and comprehensive review to determine that its classification is appropriate. This is to be done in 2017/18 to ensure a considered approach in agreement with the Council's external auditors and valuation professionals.

Assumptions made about the future and other sources of estimation uncertainty

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

Critical Judgements and Assumptions

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation of assets such as investments, land, property, plant, equipment and Investment in companies	Valuation involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of a discount factor of 40% to adjust vacant possession values to existing use value for social housing etc. These assumptions are made by professional qualified in-house or external valuation providers or use of industry data in order to determine figures for the Statement of accounts and property transactions. Valuations are carried out within the Council by a qualified Chartered Surveyor, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance. Where it is difficult to provide valuations e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd, a guide such as multipliers of EBITDA are used.	Where required revaluations are carried out as part of a rolling programme. Any charges to services for non-current assets is required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents. Any transactions involving disposals may be valued on a different basis and would be the subject of an open market disposal, with any revisions in value reflected in the Balance Sheet. Any change in the fair value of Cardiff City Transport Services Ltd as a result of the use of multipliers can be significantly variable, however has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the available for sale reserve.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made. In most cases these are subject to legal claims such as Insurance claims and other items as disclosed in the provisions note. Provisions relating to landfill sites, due to their significant value and long life are subject to a high level of estimation of future liabilities; this is detailed further in the provisions note.	The provisions are based on information known at the Balance Sheet date and best estimates and professional internal and external advice is used to determine value and number of provisions. The outcomes of such issues will have an impact on the Outturn of the Council in future years, however due to the uncertain nature of these events, are difficult to quantify.
Provisions in relation to arrears	At 31 March 2017, the Council had amounts it was owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes that may impact on collectability such as the economic climate, a level of impairment is assumed which may, or may not, be deemed to be sufficient.	Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay for Council services, this will require increases in the level of provisions currently set aside.
Debtors and Creditors	The level of debtors and creditors at the Balance Sheet date may need to be manually determined or estimated.	There is a risk of under/overstatement which would impact on current and future reported position of revenue Outturn or capital expenditure.
Employee leave benefits	The level of leave, flexi time and time in lieu owed to staff is based on a sample	The level of creditor accrual may be under or over estimated. This will have

Critical Judgements and Assumptions

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	of staff and extrapolated to arrive at a figure for all employees. In calculating the accrual for school based teaching staff, the Council assumes that all are continuing in the profession after the date of the Balance Sheet.	no impact on the reported Outturn position as statute allows the reversal of this figure to a reserve.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions are difficult to measure as they interact in different ways.

Comprehensive Income and Expenditure Statement

This statement records all of the Council's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The Expenditure and Funding Analysis (Note 4) demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2015/16 Restated			Note	2016/17			
Gross Expenditure	Gross Income	2015/16 Net Expenditure		Gross Expenditure	Gross Income	2016/17 Net Expenditure	
£000	£000	£000		£000	£000	£000	
156,257	(74,425)	81,832	City Operations	108,517	(52,402)	56,115	
238,155	(186,010)	52,145	Communities, Housing & Customer Services	239,620	(189,528)	50,092	
11,210	(1,432)	9,778	Corporate Management	6,762	(469)	6,293	
31,026	(27,258)	3,768	Economic Development	64,316	(44,397)	19,919	
333,268	(97,674)	235,594	Education & Lifelong Learning	348,120	(100,654)	247,466	
6,388	(1,822)	4,566	Governance & Legal Services	6,912	(2,556)	4,356	
9,836	(6,816)	3,020	Harbour Authority	9,085	(6,537)	2,548	
161,726	(67,729)	93,997	Housing Revenue Account	50,009	(69,938)	(19,929)	
36,850	(16,316)	20,534	Resources	28,636	(9,195)	19,441	
163,552	(19,303)	144,249	Social Services	180,319	(26,432)	153,887	
1,027	(2,026)	(999)	Summary Revenue Account	1,547	(5,078)	(3,531)	
187,392	0	187,392	Exceptional Item	3	0	0	
1,336,687	(500,811)	835,876	Net Cost of Services	4	1,043,843	(507,186)	536,657
27,880	0	27,880	Police and Crime Commissioner for South Wales	6	29,367	0	29,367
290	0	290	Community Council Precepts	6	296	0	296
16,798	0	16,798	Levies & Contributions	6	17,034	0	17,034
10,618	(11,814)	(1,196)	(Gain)/loss on sale of non-current assets		32,221	(9,009)	23,212
55,586	(11,814)	43,772	Other Operating Expenditure		78,918	(9,009)	69,909
32,152	0	32,152	Interest Payable on debt	20	32,250	0	32,250
16,618	0	16,618	Interest on net defined benefit liability/(asset)	18	18,035	0	18,035
0	(1,272)	(1,272)	Interest & Investment Income		0	(979)	(979)
488	0	488	Change in fair value of Investment Properties		9,105	(18,805)	(9,700)
1,092	(1,282)	(190)	Other Investment Income		0	0	0
50,350	(2,554)	47,796	Financing and Investment Income & Expenditure		59,390	(19,784)	39,606
0	(25,304)	(25,304)	Recognised Capital Grants & Contributions		0	(41,191)	(41,191)
0	(322,851)	(322,851)	Revenue Support Grant	31	0	(320,309)	(320,309)
0	(101,253)	(101,253)	Non-Domestic Rates	9	0	(105,994)	(105,994)

Comprehensive Income and Expenditure Statement

1,834	(175,121)	(173,287)	Council Tax Income	8	2,063	(182,502)	(180,439)
0	(3,344)	(3,344)	Other Central Grants		0	0	0
1,834	(627,873)	(626,039)	Taxation & Non-Specific Grant Income		2,063	(649,996)	(647,933)
		301,405	(Surplus)/Deficit on Provision of Services				(1,761)
		(134,348)	Revaluation Gains	30			(26,098)
		73,310	Revaluation Losses	30			10,169
		591	Impairment losses on non-current assets charged to the Revaluation Reserve				784
		1,484	(Surplus)/Deficit on revaluation of available for sale financial assets	30			3,576
		(12,346)	Actuarial (gains)/losses on pension assets/liabilities	18			16,049
		(71,309)	Other Comprehensive Income & Expenditure				4,480
		230,096	Total Comprehensive Income & Expenditure				2,719

Movement in Reserves Statement

The statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Council can use to provide services such as the General Fund and Capital Receipts Reserve whereas Unusable Reserves such as the Pension Fund and Capital Adjustment Account cannot be used.

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015 carried forward	13,154	34,413	8,438	238	1,336	57,579	819,273	876,852
Movement in Reserves during 2015/16								
Surplus or (deficit) on the provision of Services	(19,108)	0	(282,297)	0	0	(301,405)	0	(301,405)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	71,309	71,309
Total Comprehensive Income and Expenditure	(19,108)	0	(282,297)	0	0	(301,405)	71,309	(230,096)
Adjustments between accounting basis & funding basis under regulations (note 1)	39,022	0	283,013	0	4,087	326,122	(326,122)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	19,914	0	716	0	4,087	24,717	(254,813)	(230,096)
Transfers to/(from) Earmarked Reserves (note 2)	(17,813)	17,813	(716)	716	0	0	0	0
Other Movements in Reserves	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2015/16	2,101	17,813	0	716	4,087	24,717	(254,813)	(230,096)
Balance at 31 March 2016 carried forward	15,255	52,226	8,438	954	5,423	82,296	564,460	646,756
Movement in Reserves during 2016/17								
Surplus or (deficit) on the provision of Services	(17,268)	0	19,029	0	0	1,761	0	1,761
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(4,480)	(4,480)
Total Comprehensive Income and Expenditure	(17,268)	0	19,029	0	0	1,761	(4,480)	(2,719)

Movement in Reserves Statement

Adjustments between accounting basis & funding basis under regulations (note 1)	23,433	0	(15,897)	0	1,782	9,318	(9,318)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	6,165	0	3,132	0	1,782	11,079	(13,798)	(2,719)
Transfers to/(from) Earmarked Reserves (note 2)	(7,165)	7,165	(3,132)	3,132	0	0	0	0
Increase/(Decrease) in 2016/17	(1,000)	7,165	0	3,132	1,782	11,079	(13,798)	(2,719)
Balance at 31 March 2017 carried forward	14,255	59,391	8,438	4,086	7,205	93,375	550,662	644,037

Balance Sheet

This statement is comprised of two balancing sections - the net assets of the Council and the total reserves that they hold.

31 March 2016 Restated		Note	31 March 2017
£000			£000
	Property Plant & Equipment:	19	
529,464	Council Dwellings		537,862
744,171	Other Land and Buildings		741,776
15,446	Vehicles, Plant, Furniture & Equipment		15,557
298,598	Infrastructure		294,621
19,620	Community Assets		19,652
30,800	Assets under construction (AUC)		42,555
36,299	Surplus assets not held for sale		40,992
	Heritage Assets:	19	
51,278	Heritage Assets		53,846
	Investment Property:	19	
110,471	Investment Properties		132,241
	Intangible Assets:		
3,426	Intangible assets including AUC	19	3,315
18,214	Long-term Investments		13,691
6,081	Long-term Debtors		5,616
1,863,868	Total Long-Term Assets		1,901,724
54,216	Short-term Investments		66,124
2,819	Held for Sale assets	21	80
2,139	Inventories		2,175
86,498	Short-term Debtors	22	83,754
17,352	Cash and Cash Equivalents	23	18,776
163,024	Total Current Assets		170,909
(16,148)	Short-term Borrowing	20	(14,972)
(85,297)	Short-term Creditors	24	(87,603)
(2,354)	Pension Strain	27	(1,414)
(10,466)	Provisions	26	(7,116)
(986)	Deferred Liabilities	28	(2,846)
(115,251)	Total Current Liabilities		(113,951)
(659,408)	Long-term Borrowing	20	(668,028)
(27,756)	Provisions	26	(27,821)
(6,617)	Deferred Liabilities	28	(14,021)

Balance Sheet

(9,933)	Capital Contributions Receipts in Advance	31	(11,843)
(2,526)	Revenue Grants Receipts in Advance	31	(2,016)
(1,791)	Capital Grants Receipts in Advance	31	(974)
(4,891)	Pensions Strain	27	(3,219)
(551,963)	Net Pensions Liability	18	(586,723)
(1,264,885)	Total Long-Term Liabilities		(1,314,645)
646,756	NET ASSETS		644,037
	Financed by:		
15,255	Council Fund Balance		14,255
52,226	Council Fund Earmarked Reserves		59,391
8,438	Housing Revenue Account Balance		8,438
954	Housing Revenue Account Earmarked Reserves		4,086
5,423	Capital Receipts Reserve	29	7,205
82,296	Usable Reserves		93,375
254,122	Revaluation Reserve		258,922
856,975	Capital Adjustment Account		876,075
2,049	Deferred Capital Receipts		2,038
16,811	Available for Sale Financial Instruments Reserve		13,235
0	Financial Instruments Adjustment Account		0
(559,208)	Pensions Reserve		(591,356)
(6,289)	Accumulated Absences Adjustment Account		(8,252)
564,460	Unusable Reserves	30	550,662
646,756	TOTAL RESERVES		644,037

Cash Flow Statement

This statement shows how the Council generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

2015/16 £000		Note	2016/17 £000
301,405	Net (Surplus) /Deficit on the provision of services		(1,761)
(185,014)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	33	(97,213)
(178,481)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	33	48,392
(62,090)	Net cash flows from operating activities		(50,582)
(1,196)	Interest Received		(644)
30,034	Interest Paid		32,220
(90,928)	Net cash flow from other operating activities		(82,158)
276,948	Investing activities		62,792
89,521	Purchase of property, plant and equipment, investment property and intangible assets		99,661
31,146	Purchase of short-term and long-term Investments		9,093
200,875	Other payments for investing activities		7,579
(9,814)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,009)
(31,744)	Capital Grants		(40,942)
(1,504)	Capital Contributions		(3,590)
(1,282)	Proceeds from short-term and long-term investments		0
(250)	Other receipts from investing activities		0
(209,073)	Financing activities		(13,634)
(201,611)	Cash receipts from short-term and long-term borrowing		(14,645)
(13,454)	Other receipts from financing activities		(6,220)
0	Cash payments for the reduction of outstanding liabilities relating to finance leases		0
5,992	Repayments of short-term and long-term borrowing		7,231
0	Other payments for financing activities		0
5,785	Net (increase)/ decrease in cash and cash equivalents		(1,424)
23,137	Cash and cash equivalents at the beginning of the reporting period		17,352
17,352	Cash and cash equivalents at the end of the reporting period represented by:		18,776
233	Cash		223
13,108	Bank (including cheque book schools)		15,992
4,011	Short-term deposits with banks and building societies		2,561

Notes to the Core Financial Statements

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Notes to the Core Financial Statements

1. Adjustments between Accounting Basis and Funding Basis under Regulation

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

2016/17	Usable Reserves			Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of Non-Current assets	44,539	9,285	0	(53,824)
Revaluation losses of Non-Current Assets	38,118	0	0	(38,118)
Reverse previous impairment on revaluation	(36,062)	0	0	36,062
Amortisation of Intangible Assets	550	122	0	(672)
Movements in the market value of Investment Properties	(9,908)	208	0	9,700
Movement in the value of Held for Sale Assets	0	0	0	0
Capital grants and contributions applied	(31,546)	(9,645)	0	41,191
Revenue expenditure funded from capital under statute	4,097	25	0	(4,122)
Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	17,605	(2,483)	9,138	(24,260)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(24,624)	(8,043)	0	32,667
Capital expenditure charged against the Council Fund and HRA balances	(4,820)	(6,009)	0	10,829
Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(7,675)	7,675
Credit for disposal costs that qualify to be met from the resulting capital receipts	0	42	(42)	0
Capital receipts set aside for the repayment of debt	125	0	350	(475)
Adjustments involving the Revaluation Reserve				
Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement/Recoupment of Grant/Other	7,502	395	0	(7,897)
Adjustments involving the Pensions Reserve:				
Net retirement benefits as per IAS19	58,603	2,976	0	(61,579)
Employer's contributions to the Pension Scheme	(40,016)	(2,851)	0	42,867

Notes to the Core Financial Statements

Pension Strain Future Years	(2,665)	53	0	2,612
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	1,935	28	0	(1,963)
Adjustments involving the Deferred Capital Receipts Reserve				
Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	11	(11)
Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0
Total Adjustments	23,433	(15,897)	1,782	(9,318)

Comparative Movements in 2015/16

2015/16	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	44,012	12,134	0	(56,146)
Revaluation losses of non-current assets	21,688	108,260	0	(129,948)
Reverse previous impairment on revaluation	(6,843)	(345)	0	7,188
Amortisation of intangible assets	1,104	120	0	(1,224)
Movements in the market value of Investment properties	488	0	0	(488)
Movement in the value of Held for Sale Assets	904	0	0	(904)
Capital grants and contributions applied	(15,122)	(10,181)	0	25,303
Revenue expenditure funded from capital under statute	4,879	187,392	0	(192,271)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	5,938	522	0	(6,460)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(23,664)	(7,912)	0	31,576
Capital expenditure charged against the General Fund and HRA balances	(1,136)	(4,818)	0	5,954
Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(5,857)	5,857
Credit for disposal costs that qualify to be met from the resulting capital receipts	0	32	(32)	0

Notes to the Core Financial Statements

Capital Receipts set aside for the repayment of debt	48	0	(1,433)	1,385
Adjustments involving the Revaluation Reserve				
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement/Recoupment of Grant/Other	(3,741)	(2,380)	11,371	(5,250)
Adjustments involving the Financial Instruments Adjustment Account				
Amortisation of Premiums and Discounts	(2,400)	33	0	2,367
Adjustments involving the Pensions Reserve:				
Net retirement benefits as per IAS19	57,077	2,814	0	(59,891)
Employer's contributions to the Pension Scheme	(39,020)	(2,630)	0	41,650
Pension Strain Future Years	(1,781)	(56)	0	1,837
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(1,409)	28	0	1,381
Adjustments involving the Deferred Capital Receipts Reserve				
Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	38	(38)
Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	(2,000)	0	0	2,000
Total Adjustments	39,022	283,013	4,087	(326,122)

2. Earmarked Reserves

This note sets out the amount set aside from the Council Fund and HRA balances in earmarked reserves to fund future expenditure plans and the amounts used from earmarked reserves to meet Council Fund and HRA expenditure in 2016/17.

	Balance	Contributions		Balance
	31 March 2016 Restated £000	From Revenue £000	To Revenue £000	31 March 2017 £000
SCHOOLS BALANCES				
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
	1,677	4,256	(1,478)	4,455
SCHOOLS RESERVES				
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
	10,976	7,569	(10,000)	8,545

Notes to the Core Financial Statements

OTHER EARMARKED RESERVES				
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
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

Notes to the Core Financial Statements

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
CARDIFF'S SHARE OF RESERVES OF JOINT COMMITTEES				
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
Total Council Fund Reserves	52,226	33,649	(26,484)	59,391
HRA RESERVES				
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
Total HRA Reserves	954	3,132	0	4,086
TOTAL EARMARKED RESERVES	53,180	36,781	(26,484)	63,477

*Cardiff Capital Region City Deal Joint Committee was formally ratified on the 1 March 2017

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

Schools - Under Local Management of Schools regulations, schools are able to carry forward surpluses and deficits. These are committed to be spent on schools and are not available to the Council for general use. Details of individual school balances will be available from 30 September 2017 on the Council's Schools Budget Forum website.

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

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

Apprenticeship and Trainees – to support the Council's commitment to young people through funding for apprenticeships and trainees.

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

Notes to the Core Financial Statements

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

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

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

Corporate Landlord Function - to support the corporate landlord functions across the Council in order to provide a cohesive and commercial operating model.

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

Homelessness - to deal with pressures on homelessness in the city. Further pressures are predicted due to the effects of welfare reforms and the introduction of universal credits.

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

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

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

Legal Services - to fund future Legal Services initiatives, including projects in connection with ICT upgrades and procurement of additional resource on a temporary basis.

Major Projects - to support the costs of major projects.

Municipal Mutual Scheme (MMI) - represents a scheme that was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of future claims. Further details are provided in note 33.

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

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

Parking & Enforcement

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

Notes to the Core Financial Statements

2015/16 Restated £000		2016/17 £000
	Income	
(4,271)	On-street pay car parking fees	(4,362)
(805)	Off-Street car parking fees	(1,042)
(309)	Residents parking permits	(330)
(2,022)	Penalty charge notices	(2,019)
(2,840)	Moving Traffic Offences	(3,256)
(63)	Camera Car	(104)
(2)	Other income	0
(10,312)	Total Income	(11,113)
	Expenditure	
978	Operational costs / Parking and Permits	1,037
4,377	Enforcement service	4,607
5,355	Total Expenditure	5,644
(4,957)	Civil Parking Enforcement Net (Surplus)/Deficit	(5,469)
	Appropriations to Parking Reserve:	
69	Balance 1 April 2016	370
4,957	Contributions from CPE	5,469
(4,656)	Contributions to revenue*	(5,489)
370	Balance 31 March 2017	350

* Eligible expenditure totalling £5.489 million was drawn down from the reserve leaving a balance of £350,000 at the 31 March 2017. This included a budgeted drawdown of £5.025 million which supported a range of Council services including ongoing support and improvements to transport, parking, highways and environmental services. It also included a specific drawdown for various improvement schemes and initiatives. These were approved by the Director of Operations in consultation with the Cabinet Member for Transport, Planning and Sustainability.

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

Social Care Technology – to support Social Care IT developments.

Strategic Budget – to support financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan.

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

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

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

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

Notes to the Core Financial Statements

Housing Development & Acquisition (HRA) – to fund the development of the additional build programme, other land and property acquisitions and to support the Housing Partnership Programme.

3. Exceptional Items

The exceptional item in 2015/16 of £187.392 million related to the Council's settlement payment to Welsh Government to facilitate the exit of the HRA Subsidy System. Whilst this means that the Council will no longer have to pay over part of its rental income to Welsh Government in the form of a subsidy payment, the Council pays additional costs for interest. It also sets aside from any income, additional amounts for reducing the amount borrowed and outstanding.

4. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2015/16			Directorate	2016/17		
Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES		Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES
£000	£000	£000		£000	£000	£000
49,902	31,930	81,832	City Operations	34,078	22,037	56,115
46,089	6,056	52,145	Communities, Housing & Customer Services	43,408	6,684	50,092
29,727	(19,949)	9,778	Corporate Management	24,665	(18,372)	6,293
2,119	1,649	3,768	Economic Development	13,095	6,824	19,919
234,480	1,114	235,594	Education & Lifelong Learning	244,197	3,269	247,466
4,411	155	4,566	Governance & Legal Services	4,541	(185)	4,356
0	3,020	3,020	Harbour Authority	0	2,548	2,548
0	93,997	93,997	Housing Revenue Account	0	(19,929)	(19,929)
15,600	4,934	20,534	Resources	19,680	(239)	19,441
142,625	1,624	144,249	Social Services	153,031	856	153,887
43,520	(44,519)	(999)	Summary Revenue Account	41,466	(44,997)	(3,531)
0	187,392	187,392	Exceptional Item	0	0	0
568,473	267,403	835,876	Net Cost of Services	578,161	(41,504)	536,657
(555,767)	21,296	(534,471)	Other Income and Expenditure	(560,044)	21,626	(538,418)
12,706	288,699	301,405	(Surplus) or Deficit on Provision of Services	18,117	(19,878)	(1,761)
		(13,154)	Opening Council Fund balance as at 31 March	(15,255)		
		(1,696)	Surplus/Deficit on the Council Fund	0		
		(405)	Adjust for transfers (to)/from reserve	1,000		
		(15,255)	Closing Council Fund balance as at 31 March	(14,255)		

Notes to the Core Financial Statements

4.1. Note to the Expenditure and Funding Analysis

Directorate	2016/17			
	Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
City Operations	23,408	(1,842)	471	22,037
Communities, Housing & Customer Services	5,907	(169)	946	6,684
Corporate Management	32	2,398	(20,802)	(18,372)
Economic Development	5,506	(304)	1,622	6,824
Education & Lifelong Learning	3,755	(57)	(429)	3,269
Governance & Legal Services	5	(32)	(158)	(185)
Harbour Authority	2,703	89	(244)	2,548
Housing Revenue Account	8,169	178	(28,276)	(19,929)
Resources	835	(704)	(370)	(239)
Social Services	574	(77)	359	856
Summary Revenue Account	0	4	(45,001)	(44,997)
Exceptional Item	0	0	0	0
Net Cost of Services	50,894	(516)	(91,882)	(41,504)
Other Income and Expenditure from the Expenditure & Funding Analysis	(27,680)	18,035	31,271	21,626
(Surplus) or Deficit on Provision of Services	23,214	17,519	(60,611)	(19,878)

Directorate	2015/16			
	Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
City Operations	32,848	(761)	(157)	31,930
Communities, Housing & Customer Services	5,394	(90)	752	6,056
Corporate Management	41	2,482	(22,472)	(19,949)
Economic Development	3,867	(506)	(1,712)	1,649
Education & Lifelong Learning	10,808	(1,496)	(8,198)	1,114
Governance & Legal Services	7	(27)	175	155
Harbour Authority	3,114	(133)	39	3,020
Housing Revenue Account	107,471	128	(13,602)	93,997
Resources	7,871	(177)	(2,760)	4,934
Social Services	936	252	436	1,624
Summary Revenue Account	0	0	(44,519)	(44,519)
Exceptional Item	187,392	0	0	187,392
Net Cost of Services	359,749	(328)	(92,018)	267,403
Other Income and Expenditure from the Expenditure & Funding Analysis	(26,012)	16,618	30,690	21,296
(Surplus) or Deficit on Provision of Services	333,737	16,290	(61,328)	288,699

Notes to the Core Financial Statements

i. Adjustments for capital purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition;

- other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- financing and investment income – the statutory charges for capital financing i.e. Prudent Revenue Provision and other revenue contributions are deducted from other income and expenditure, as these are not chargeable under generally accepted accounting practices (GAAP).
- taxation and non-specific income and expenditure - capital grants are adjusted for income not chargeable under GAPP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

ii. Net Change for Pension Adjustments

The removal of pension contributions and the addition of the IAS19 Employee Benefits pension related expenditure and income are reflected as follows;

- for the net cost of services – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs.
- for financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

iii. Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are as follows.

- for financing and investment income and expenditure – the other differences column recognises adjustments to the Council Fund for the timing differences of premiums and discounts.
- the charge for taxation and non-specific grant income represents the difference between what is chargeable under statute for council tax and NDR that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the collection fund.

4.2. Expenditure and Income Analysed by Nature

	2015/16 £000	2016/17 £000
Expenditure		
Employee Benefits Expenses	410,954	430,055
Other Service Expenses	561,242	568,272
Depreciation, Amortisation & Impairment	373,137	57,231
Change in Fair Value of Investment Properties	488	(9,700)
Interest Payments	32,152	32,250
Precepts & Levies	44,968	46,698
Loss on Sale of Non-Current Assets	0	23,212
Total Expenditure	1,422,941	1,148,018
Income		
Fees, Charges & Other Service Income	(225,690)	(236,267)
Interest and Investment Income	(1,272)	(979)
Income from Council Tax and Non-Domestic Rates	(597,392)	(606,742)
Government Grants and Contributions	(295,795)	(305,791)
Gain on Sale of Non-Current Assets	(1,387)	0
Total Income	(1,121,536)	(1,149,779)
Surplus & Deficit on the Provision of Services	301,405	(1,761)

Notes to the Core Financial Statements

5. Harbour Authority and Associated Activities

Income, expenditure and assets relating to functions transferred to the Council following the winding up of Cardiff Bay Development Corporation (CBDC) on 31 March 2000 are included within the Council's overall accounts. However a separate set of accounts are required to be prepared in accordance with the Harbours Act 1964 and can be seen from page 183. It should be noted that the Harbour Authority accounts have been prepared on a Companies Act 2006 basis and not in accordance with the Code.

6. Precepts and Levies

	2015/16 £000	2016/17 £000
Precepts		
Police and Crime Commissioner for South Wales	27,880	29,367
Community Councils:		
Lisvane	34	34
Pentyrch	85	85
Radyr	108	112
St Fagans	18	18
Old St Mellons	26	28
Tongwynlais	19	19
	28,170	29,663
Levies & Contributions		
South Wales Fire & Rescue Service	16,507	16,775
Natural Resources Wales	141	139
Cardiff Port Health Authority	144	115
Newport Health Authority	6	5
	16,798	17,034

7. Participation in Joint Committees

During 2016/17 the Council was lead Authority (*) for three Joint Committees and a member authority of three others. The table below shows the revenue contributions made to these Committees:

Committee	Purpose	2015/16 £000	2016/17 £000
Glamorgan Archives*	Management and administration of the Glamorgan Records Office	218	212
Prosiect Gwyrdd*	To manage residual waste treatment	49	32
Cardiff Capital Region City Deal*	To co-ordinate and discharge the member Councils' obligations in relation to the City Deal"	0	42
Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	1,571	1,505
Regional Adoption Service	To develop and improve adoption services and share best practice	393	472
Shared Regulatory Service	To provide environmental health services	5,100	5,231
Total		7,331	7,494

The Council has included its share of the transactions and balances of each Joint Committee in its accounting statements.

Notes to the Core Financial Statements

8. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the council and the Police and Crime Commissioner for the forthcoming year and dividing this amount by the council tax base. The council tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totalled across all bands and adjusted for discounts. Cardiff's Council Tax base for 2016/17 was £141,288 (£139,500 for 2015/16).

The amounts for a band D property in Cardiff during 2016/17 were as follows:

Band D Council Tax:	2015/16	2016/17
	£	£
Cardiff Council	1,022	1,060
Police and Crime Commissioner for South Wales	200	208
TOTAL	1,222	1,268

The above amount (£1,268) is multiplied by the proportion specified for the particular band (see following table) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

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

Analysis of the net proceeds from Council Tax:

	2015/16	2016/17
	£000	£000
Council Tax collectable	(175,121)	(182,502)
Provision for non-payment of Council Tax	1,834	2,063
	(173,287)	(180,439)

The net proceeds from Council Tax figure of £180.439 million includes precepts of £29.663 million and a transfer to the bad debt provision of £900,000. This remaining balance of £149.8 million is the Council Tax attributable to the Council, as part of the Council's Outturn for 2016/17.

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

31 March		31 March
2016		2017
£000		£000
(4,915)	Council Tax Bad Debt Provision	(5,858)

9. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate (48.6p in 2016/17 and 48.2p in 2015/16) and, subject to the effects of transitory arrangements; local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to Local Authorities on the basis of a fixed amount per head of population.

The NDR income of £189.057 million for 2016/17 (£193.334 million for 2015/16) was based on a total rateable value of £475.602 million for 2016/17 (£476.309 million for the year 2015/16).

Notes to the Core Financial Statements

Analysis of the net proceeds from non-domestic rates:

	2015/16 £000	2016/17 £000
Non-Domestic Rates collectable	193,334	189,057
Cost of collection allowance	(886)	(896)
Provision for non-payment of NDR	(3,774)	(1,696)
Payment into national pool	188,674	186,465
Redistribution from national pool	(101,253)	(105,994)

10. Agency Income and Expenditure

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

Welsh Government

- Non Domestic Rates collection. A net debtor of £14.993 million at 31 March 2017 (£8.773 million at 31 March 2016) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government exceeds the amount collected from ratepayers.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2017 the Welsh Government had provided £3.236 million of funding, £500,000 was repaid giving a new balance available of £2,736 million of which £1.516 million is outstanding as loans provided. The balance available for new loans was £1.220 million (£1.196 million at 31 March 2016).
- Home Improvement loans - provide loans for home improvements. At 31 March 2017 the Welsh Government had provided £1.062 million of funding. £183,000 of new loans were approved in 2016/17 (nil in 2015/16) leaving a balance available for new loans of £879,000.

South Wales Trunk Road Agency

The total reimbursement received by the Council was £394,000 in 2016/17 (£445,000 in 2015/16).

Business Improvement District (BID) Company

In 2016/17, a BID was set-up which is a partnership between the local business community and the Council. The BID is a defined area within the city centre in which a levy is charged on all business rate payers of all relevant businesses in addition to their business rates bill. This is used to develop projects benefitting the local area. The Council collects the income and pays this over to the BID Company. At 31 March 2017 the Council owed the company £85,393.

Prosiect Gwyrdd

The Council is responsible for the costs in relation to the contract with Viridor to provide waste treatment in relation to commercial and industrial waste. The total income and expenditure of £10.995 million is not included in the Council's CIES and there are not entries in the Balance Sheet. This was £5.282 million in 2015/16 – this amount has been restated in the accounts to take it out of the Council's CIES in the Commercial Services line in both the expenditure and income.

11. Remuneration

11.1 The Accounts and Audit (Wales) Regulations 2014 require the ratio of the remuneration of the Chief Executive to the median remuneration of all the body's employees. The multiple between the median full time equivalent earnings and the Chief Executive in 2016/17 was 1:8 (1:8 in 2015/16). The median full time equivalent earnings for 2016/17 was £21,164 (£20,849 in 2015/16).

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

Notes to the Core Financial Statements

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

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

Remuneration band £	Number of Employees	
	2015/16	2016/17
60,000-64,999	46	43
65,000-69,999	44	43
70,000-74,999	14	8
75,000-79,999	4	9
80,000-84,999	10	13
85,000-89,999	3	1
90,000-94,999	3	4
95,000-99,999	3	1
100,000-104,999	0	1
105,000-109,999	2	1
110,000-114,999	1	2
115,000-119,999	1	2
120,000-124,999	8	5
125,000-129,999	1	0
130,000-134,999	0	2
135,000-139,999	0	1
140,000-144,999	0	0
145,000-149,999	1	0
150,000-154,999	0	0
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	0	0
170,000-174,999	2*	1
175,000-179,999	0	0
180,000-184,999	0	0

*The remuneration of one of the employees identified included severance payments, further details are available on page 57 reference (e), this does not include the pension contribution.

11.3. Shown in the table below are remuneration details of:

- Senior employees (Directors, Assistant Directors and Heads of Service) whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title.
- Employees whose salary is £150,000 or more on an annualised basis. These are identified by name.

Notes to the Core Financial Statements

Remuneration also includes the cost of any additional contributions the Council is required to make to the Pension Fund in respect of the individuals who are leaving the Council. i.e. Enhancement of Retirement Benefits (Pension Strain costs).

No bonuses have been paid during 2016/17 (2015/16 - £nil)

2016/17 Post title	Salary, fees and allowances £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (22.9% of salary) £	Total £
			Received via payroll (taxable) (a) £	Received via creditors (non taxable) £	Enhancement of Retirement Benefits		
Paul Orders, Chief Executive	171,700	0	0	0	0	39,319	211,019
Corporate Director Resources & Section 151 Officer (a)	131,300	0	0	0	0	7,517	138,817
Assistant Director Children's Services (b)	130,519	0	0	0	0	0	130,519
Director Education & Lifelong Learning	121,200	0	0	0	0	27,755	148,955
Director Social Services	121,200	0	0	0	0	27,755	148,955
Director Communities, Housing & Customer Services	121,200	0	0	0	0	27,755	148,955
Director Economic Development	121,200	0	0	0	0	27,755	148,955
Director City Operations	121,200	0	0	0	0	27,755	148,955
Assistant Director Adult Services	82,416	0	0	0	0	18,873	101,289
Assistant Director Housing & Communities	82,416	0	0	0	0	18,873	101,289
Assistant Director Customer Services & Communities	82,416	0	0	0	0	18,873	101,289
Assistant Director of Commercial Services	82,416	0	0	0	0	18,873	101,289

Notes to the Core Financial Statements

Chief HR Officer	82,416	0	0	0	0	18,873	101,289
Head of Service, Finance	82,416	0	0	0	0	18,873	101,289
Head of Performance & Partnerships	82,416	0	0	0	0	18,873	101,289
Director Governance & Legal Services & Monitoring Officer (Commenced 19/09/2016) (c)	64,640	0	0	0	0	14,803	79,443
Assistant Director Education & Lifelong Learning (Commenced 01/10/2016) (d)	41,208	0	0	0	0	9,437	50,645
Interim Monitoring Officer (Leaving Date 18/09/2016) (e)	38,461	0	0	0	0	8,732	47,193
Assistant Director Education & Lifelong Learning (Leaving Date 19/06/2016) (f)	18,086	25	0	0	0	4,142	22,253

- a) In addition to the remuneration fees detailed in the table above, Corporate Director Resources received fees relating to Returning Officer duties of £57,196, (£16,437 in 2015/16) a breakdown is provided below:
- £21,860 National Assembly for Wales Election
 - £22,920 Police and Crime Commissioner Election
 - £11,111 European Union Referendum
 - £1,305 Grangetown & Plasnewydd By-Election
- b) During 2016/17 agency invoices of £130,519 (£129,800 in 2015/16) were received for services as Assistant Director Children Services. Payments made were £135,458.
- c) Director Governance & Legal Services commenced 19/09/2016. Annualised salary of £121,200.
- d) Assistant Director Education & Lifelong Learning commenced 01/10/2016. Annualised salary £82,416.
- e) Operational Manager Legal Manager Litigation was appointed Interim Monitoring Officer until 18/09/2016. Annualised salary of £82,416.
- f) Assistant Director Education & Lifelong Learning left the Council on 19/06/2016. Annualised salary of £82,416.

Notes to the Core Financial Statements

Comparative Data for 2015/16

2015/16 Post title	Salary, fees and allowances €	Taxable benefits €	Compensation for loss of employment			Employers pension contribution (22.9% of salary) €	Total €
			Received via payroll (taxable) (a) €	Received via creditors (non taxable) €	Enhancement of Retirement Benefits		
Paul Orders, Chief Executive	170,000	0	0	0	0	38,930	208,930
Corporate Director Resources & Section 151 Officer (a)	130,000	0	0	0	0	29,770	159,770
Assistant Director Children's Services (Commenced 27/04/2015) (b)	129,800	0	0	0	0	0	129,800
Director Education & Lifelong Learning	120,000	55	0	0	0	27,480	147,535
Director Social Services, Director Children's Services (c)	120,000	47	0	0	0	27,480	147,527
Director Communities, Housing & Customer Services	120,000	0	0	0	0	27,480	147,480
Director Economic Development	120,000	0	0	0	0	27,480	147,480
Director City Operations, Director Strategic Planning, Highways, Traffic & Transport (d)	120,000	0	0	0	0	27,480	147,480
Director Governance & Legal Services, County Clerk & Monitoring Officer (e)	110,000	0	31,000	30,000	0	24,287	195,287
Assistant Director Education & Lifelong Learning	81,989	64	0	0	0	18,776	100,829
Assistant Director Housing & Communities	81,989	0	0	0	0	18,776	100,765
Assistant Director Customer Services & Communities	81,989	0	0	0	0	18,776	100,765
Assistant Director Environment	81,989	0	0	0	0	18,776	100,765
Chief HR Officer	81,989	0	0	0	0	18,417	100,406
County Solicitor (Leaving Date 12/09/2015) (f)	60,129	0	0	2,138	0	12,366	74,633

Notes to the Core Financial Statements

Interim Assistant Director Adult Services (Commenced 05/08/2015) (g)	53,523	0	0	0	0	12,257	65,780
Head of Service, Finance (Commenced 10/08/2015) (h)	52,426	0	0	0	0	12,087	64,513
Chief Officer Change & Improvement (Leaving Date 20/09/2015) (i)	38,922	0	0	0	0	8,913	47,835
Director Sport, Leisure & Culture (Leaving Date 24/07/2015) (j)	37,742	2	0	19,594	169,553	8,643	235,534
Director Environment (Leaving Date 24/07/2015) (k)	36,361	4	0	7,125	0	8,643	52,133
Director Health & Social Care (Leaving Date 24/07/2015) (l)	36,135	40	0	10,688	82,861	8,643	138,366
Head of Performance & Partnerships (Commenced 15/02/2016) (m)	10,317	0	0	0	0	2,363	12,680
Interim Monitoring Officer (Commenced 01/03/2016) (n)	6,800	0	0	0	0	1,557	8,357

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

11.4 Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the following tables. The total costs of the exit packages identified are made up of two elements. The first element is the one off payment made to an individual as compensation for

Notes to the Core Financial Statements

loss of employment through either Voluntary or Compulsory Redundancy, the second element is the pension strain cost in comparing year-on-year figures.

2016/17 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	9	64	73	617,394
£20,001 – £40,000	0	16	16	403,619
£40,001 – £60,000	1	4	5	228,575
£60,001 – £80,000	0	3	3	214,224
£80,001 – £100,000	0	1	1	87,320
£100,001 – £150,000	0	1	1	130,276
£150,001 – £200,000	1	0	1	172,584
Total	11	89	100	1,853,992

2015/16 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	27	100	127	857,681
£20,001 – £40,000	2	28	30	824,167
£40,001 – £60,000	2	7	9	445,424
£60,001 – £80,000	0	3	3	187,296
£80,001 – £100,000	1	1	2	190,626
£100,001 – £150,000	0	0	0	0
£150,001 – £200,000	1	0	1	189,147
Total	33	139	172	2,694,341

11.5 Members Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2016/17 was £1,284,685 (£1,293,164 in 2015/16). As required by the Code this figure includes all remuneration paid to members including basic and special allowances, care allowances and expenses directly reimbursed.

12. Health Act 1999 Pooled Funds and Similar Arrangements

The Cardiff and Vale Joint Equipment Store (JES) is a Section 33 partnership agreement between Cardiff and Vale of Glamorgan local Authorities and the Cardiff and Vale University Health Board for the provision of an integrated community equipment service serving the combined Cardiff and Vale region. The agreement came into effect on 1 January 2012. The Council's transactions are included in the Adult Social Care line of the Comprehensive Income and Expenditure Statement. Income and expenditure for the pooled budget arrangements for the year ending 31 March 2017 is as follows:

Notes to the Core Financial Statements

2015/16 £000		2016/17 £000
	Expenditure	
1,685	Equipment	1,742
124	Contribution to Overheads	124
1,809	Total Expenditure	1,866
	Funding	
(1,214)	Cardiff and Vale University Health Board	(1,161)
(405)	Cardiff Council	(518)
(259)	Vale of Glamorgan Council	(187)
(1,878)	Total Funding	(1,866)
69	Surplus transferred to JES Partnership Reserve	0

13. Related Parties

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, providing the majority of its funding in the form of grants and prescribing the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in [note 31](#) including grant receipts outstanding at 31 March 2017.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2016/17 is shown in [note 11](#). Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. During 2016/17, goods and services totalling £15,776,620 were commissioned from companies in which members had an interest (£7,054,814 in 2015/16). Grants totalling £790,960 (£1,798,344 in 2015/16) were paid to voluntary organisations in which members had an interest.

Officer's emoluments are shown in [note 11](#) to the Core Financial Statements. In 2016/17, for companies in which Chief Officers had an interest there were no goods and services commissioned (£1,423 in 2015/16). For goods and services provided, income of £9,040 was received in 2016/17 (£0 in 2015/16).

Subsidiary Companies include Cardiff City Transport Services (Cardiff Bus), Cardiff Business Technology Centre (CBTC) and Cardiff Business Council. Details of transactions with these companies are shown in [note 25](#) to the Core Financial Statements.

Cardiff Medicentre was a joint venture between the Council, Cardiff University, the Welsh Government and Cardiff and Vale University Health Board. The Council disposed of its interest in the Medicentre on 31 March 2016.

Pension Fund contributions paid to the Pension Fund are shown in [note 18](#) to the Core Statements.

Precepts and Levies collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in [note 6](#) to the Core Financial Statements. Separate to the precept, the Council made payments of £46,168 to Police and Crime Commissioner for South Wales during 2016/17 (£135,000 in 2015/16).

Related Party Balances

The following balances were held in respect of related parties:

Notes to the Core Financial Statements

31 March 2016			31 March 2017	
Debtors £000	Creditors £000		Debtors £000	Creditors £000
18,415	(5,484)	Central Government Grants	24,114	(2,117)
0	(87)	Cardiff City Transport Services Ltd	109	(13)
1	0	Medicentre/CBTC/Cardiff Business Council	0	0
1	0	Senior Officers – outstanding car loan balances	0	0
204	(5)	Companies in which members' interests declared/other	5,019	(9)

14. External Audit Costs

	2015/16 £000	2016/17 £000
Fees payable to Wales Audit Office for external audit services	400	389
Fees payable to Wales Audit Office for the certification of grant claims and returns	84	88
Total	484	477

15. Leasing

Council as Lessee

Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2016/17:

	2015/16 £000	2016/17 £000
Property Leases	1,553	1,829
Other Leases	2,365	2,705

The Council was committed at 31 March 2017 to making payments of £3.939 million under operating leases in 2017/18 (£3.700 million at 31 March 2016 for 2016/17) comprising the following elements:

	31 March 2016		31 March 2017	
	Property Leases £000	Other Leases £000	Property Leases £000	Other Leases £000
Leases expiring within 1 year	0	131	38	1,847
Leases expiring between 2 and 5 years	518	1,979	1,066	857
Leases expiring after 5 years	905	167	131	0

Finance Leases

There were no finance leases at 31 March 2017 (none in 2015/16) and there are no future obligations under finance leases.

Council as Lessor

Operating Leases

Operating leases exist in respect of land and buildings and the Council received revenue of £6.193 million in 2016/17 (£6.352 million in 2015/16).

Notes to the Core Financial Statements

The Council was committed as at 31 March 2017 to receiving income of £5.547 million (£5.856 million as at 31 March 2016) under operating leases for Land & Buildings comprising the following elements:

	31 March 2016	31 March 2017
	£000	£000
Leases expiring within 1 year	221	165
Leases expiring between 2 and 5 years	1,171	1,166
Leases expiring after 5 years	4,464	4,216

Finance Leases

The Council does not provide any leases of this type.

16. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2015/16 £000	2016/17 £000
Rental income from investment property	(5,511)	(6,047)
Direct operating expenses arising from investment property	1,861	2,607
Net (gain) / loss	(3,650)	(3,440)

Subject to compliance with any regulatory requirements, the Council can realise the value inherent in its investment property and has the right to income and the proceeds of disposal. Subject to the terms and conditions of individual lease arrangements, the Council does have contractual obligations to repair, maintain or enhance certain properties.

17. Prudent Revenue Provision

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

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are accounting charges. These are reversed and replaced by the prudent revenue provision via an appropriation to/from the Capital Adjustment Account in the Movement in Reserves Statement.

	2015/16 £000	2016/17 £000
Non-housing revenue provision	23,664	24,625
Housing Revenue Account provision	7,912	8,042
Prudent revenue provision	31,576	32,667

18. Pensions

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two different pension schemes both of which provide members with benefits related to pay and service:

Notes to the Core Financial Statements

- Teachers' Pension Scheme; and
- Local Government Pension Scheme

Teachers' Pension Scheme

Unless they opt out, teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teacher's Pension Agency on behalf of the Department for Education. It is a defined benefit scheme and although it is unfunded, a notional fund as a basis for calculating the employer's contribution rate. However, it is not possible for the Council to identify its share of the underlying liabilities of the scheme attributable to its own employees and so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme, i.e. the cost charged to Net Cost of Services in the year is the cost of the employer's contributions to the scheme.

In 2016/17 the Council paid £19.016 million in respect of teachers' pension costs, which represents 16.5% of teachers' pensionable pay (£17.499 million representing 15.5% of teachers' pensionable pay in 2015/16). In addition, the Council is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension's liability for unfunded liabilities.

Local Government Pension Scheme

The Council's non-teaching employees are automatically enrolled unless they choose to opt out of joining the Cardiff and Vale of Glamorgan Pension Fund (The Fund), for which the Council acts as Administering Authority. This is a defined benefit scheme based on career-average pensionable salary. Both the Council and the employees pay contributions into the fund, calculated at a level intended to balance the pensions' liabilities with the pensions' assets.

The Local Government Pension Scheme is a funded scheme i.e. it has assets as well as liabilities. In addition, the Council has unfunded pension liabilities in respect of its commitment to make payments directly to certain pensioners arising from arrangements made in earlier years to award enhanced benefits.

The disclosures below relate to within the Fund and, where applicable, certain unfunded benefits provided by the Employer as referred to above.

Transactions relating to retirement benefits

The main accounting statements have been compiled in accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) and for the Local Government Pension Scheme, include the cost to the Council of pension entitlements earned in the year rather than the cost of contributions paid into the Fund. The cost of entitlements earned, which is known as the Current Service Cost has been recognised in the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

However, the charge that is required to be made against Council Tax in respect of pensions is to be based on the cash payable to the pension fund during the year. To achieve this, IAS 19 costs are reversed out in the Movement in Reserves Statement and replaced with the employers' contribution payable during the year.

The following table sets out the requisite transactions that have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserve Statement during the year. The below figures represent Cardiff Council only.

Notes to the Core Financial Statements

	2015/16			2016/17		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Comprehensive Income Expenditure Statement (CI&E Statement)						
Net Cost of Services:						
Current Service Cost	39,800	0	39,800	39,800	0	39,800
Past Service Costs	2,640	720	3,360	3,410	180	3,590
Financing & Investment Income & Expenditure						
Interest on net defined benefit liability/(asset)*	15,430	1,180	16,610	16,290	1,530	17,820
Net charge to C I&E Statement	57,870	1,900	59,770	59,500	1,710	61,210
Movement in Reserves Statement						
Reversal of net charges made for retirement benefits in accordance with IAS19	(57,870)	(1,900)	(59,770)	(59,500)	(1,710)	(61,210)
Actual amount charged against Council Tax in respect of pensions for the year						
Employers contributions payable to the scheme	38,340	0	38,340	39,640	0	39,640
Payments in respect of unfunded pensions liabilities**	0	3,310	3,310	0	3,230	3,230
	38,340	3,310	41,650	39,640	3,230	42,870

*This is different from the figure in the CIES as the CIES includes a share of the joint committees.

** Included in this figure are enhanced benefits awarded to teachers for which the Council is responsible and some unfunded liabilities which are administered by Rhondda Cynon Taff (RCT) Council on behalf of the Council.

Contributions for year ending 31 March 2018

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2018 are estimated to be £38.02 million. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Unfunded liabilities - in the accounting period ending 31 March 2018 the Council expects to pay £3.23 million directly to beneficiaries.

Basis for estimating assets and liabilities

The latest actuarial valuation of the County Council of the City and County of Cardiff's liabilities in the Cardiff and Vale of Glamorgan Pension Scheme took place as at 31 March 2016. The latest actuarial valuation of unfunded benefits took place as at 31 March 2016.

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

- (a) Principal financial assumptions

Notes to the Core Financial Statements

	31 March 2016 % pa	31 March 2017 % pa
Rate of Inflation - Retail Price Index (RPI)	2.9	3.1
Rate of Inflation - Consumer Price Index (CPI)	1.8	2.0
Rate of general increase in salaries*	2.8	3.0
Rate of increase to pensions in payment**	1.8	2.0
Rate of increase to deferred pensions	1.8	2.0
Discount rate for scheme liabilities	3.4	2.6

*This has been set as 1.0% p.a. above the CPI inflation assumption which is consistent with the assumption used at the 2016 valuation.

** In excess of Guaranteed Minimum Pension increases in payment where appropriate.

(b) Mortality assumptions

	31 March 2016		31 March 2017	
	Men	Women	Men	Women
Future lifetime from age 65:-				
Currently age 65	23.8	26.8	23.0	25.7
Currently age 45	25.9	29.1	24.0	27.1

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

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

Asset Allocation

The approximate split of assets for the Fund as a whole is shown in the following table. The asset allocation in the fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

The Council does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of the balanced investment strategy.

	31 March 2016	31 March 2017		
	Approx. split of assets %	Quoted %	Unquoted %	Total %
Equities	75.1	73.6	4.5	78.1
Property	7.3	6.3	0.0	6.3
Government Bonds	8.1	8.5	0.0	8.5
Corporate Bonds	7.2	5.8	0.0	5.8
Cash	2.3	1.5	0.0	1.5
Other*	0.0	-0.2	0.0	-0.2
Total Pension Strain	100	95.5	4.5	100

*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Notes to the Core Financial Statements

Reconciliation of funded status to Balance Sheet

	31 March 2016			31 March 2017		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Notional value of assets	1,010,320	0	1,010,320	1,198,860	0	1,198,860
Present value of liabilities	(1,509,170)	(46,650)	(1,555,820)	(1,730,930)	(47,490)	(1,778,420)
Net pension asset/(liability)*	(498,850)	(46,650)	(545,500)	(532,070)	(47,490)	(579,560)

*This is different from the figure in the CIES as the CIES includes a share of the joint committees.

Assets and Liabilities in relation to Retirement Benefits

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

	31 March 2016			31 March 2017		
	Funded scheme £000	Unfunded liabilities £000	Total £000	Funded scheme £000	Unfunded liabilities £000	Total £000
Opening present value of liabilities	(1,524,800)	(38,250)	(1,563,050)	(1,509,170)	(46,650)	(1,555,820)
Current service cost	(39,800)	0	(39,800)	(39,800)		(39,800)
Interest cost	(48,220)	(1,180)	(49,400)	(50,680)	(1,530)	(52,210)
Contributions by participants	(9,710)	0	(9,710)	(9,910)	0	(9,910)
Remeasurements in Other Comprehensive Income (OCI)	69,690	(9,810)	59,880	(165,900)	(2,360)	(168,260)
Net benefits paid out *	46,310	3,310	49,620	47,940	3,230	51,170
Past service cost	(2,640)	(720)	(3,360)	(3,410)	(180)	(3,590)
Closing present value of liabilities	(1,509,170)	(46,650)	(1,555,820)	(1,730,930)	(47,490)	(1,778,420)

* Includes changes to the actuarial assumptions.

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

	31 March 2016 £000	31 March 2017 £000
Opening fair value of assets	1,023,600	1,010,320
Interest income on assets	32,790	34,390
Remeasurement gains/(losses) on assets	(47,810)	152,540
Contributions by employer	38,340	39,640
Contributions by participants	9,710	9,910
Net benefits paid out **	(46,310)	(47,940)
Closing fair value of assets	1,010,320	1,198,860

* The figures for net benefits paid out consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Notes to the Core Financial Statements

Re-measurements in Other Comprehensive Income (OCI)

	31 March 2016		31 March 2017	
	Funded Scheme £000	Unfunded Liabilities £000	Funded Scheme £000	Unfunded Liabilities £000
Return on plan assets (in excess of) / below that recognised in net interest	47,810	0	(152,540)	0
Actuarial (gains)/losses due to change in financial assumptions	(56,570)	(1,000)	318,150	3,300
Actuarial (gains)/losses due to changes in demographic assumptions	0	0	(119,650)	(590)
Actuarial (gains)/losses due to liability experience	(13,120)	10,810	(32,600)	(350)
Actuarial (gains)/losses arising on inherited pension assets and liabilities	0	0	0	0
Total amount recognised in OCI	(21,880)	9,810	13,360	2,360

Actual return on assets

	31 March 2016 £000	31 March 2017 £000
Interest income on assets	32,790	34,390
Remeasurement gain/(loss) on assets	(47,810)	152,540
Actual return on assets	(15,020)	186,930

Analysis of amount recognised in the Comprehensive Income & Expenditure Statement

	31 March 2016			31 March 2017		
	Funded Scheme £000	Unfunded Liabilities £000	Total gain / (loss) in CI&E £000	Funded Scheme £000	Unfunded Liabilities £000	Total gain / (loss) in CI&E £000
Total Actuarial Gain/(Loss)*	21,880	(9,810)	12,070	(13,360)	(2,360)	(15,720)

*This is different from the figure in the CIES as the CIES includes a share of the joint committees.

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

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Total gain/(loss) –funded scheme	(47.19)	263.70	(49.85)	21.88	(13.36)
Total gain/(loss) –unfunded liabilities	(2.56)	2.76	(1.64)	(9.81)	(2.36)
Cumulative gain/(loss)	(566.00)	(299.54)	(351.03)	(338.68)	(354.40)

Notes to the Core Financial Statements

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

	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000	31 March 2016 £000	31 March 2017 £000
Fair value of assets	818,465	906,610	1,027,052	1,014,120	1,198,860
Present value of funded liabilities	(1,482,889)	(1,341,187)	(1,528,588)	(1,513,150)	(1,730,930)
Present value of unfunded liabilities	(42,890)	(38,450)	(38,250)	(46,650)	(47,490)
Surplus/(deficit)	(707,314)	(473,027)	(539,786)	(545,680)	(579,560)

History of experience gains and losses

	Year ending 31.3.13 £m	Year ending 31.3.14 £m	Year ending 31.3.15 £m	Year ending 31.3.16 £m	Year ending 31.3.17 £m
Experience gains/(losses) on funded assets	67.92	47.95	78.33	(47.80)	152.54
Experience gains/(losses) on funded liabilities	1.55	34.60	8.21	13.39	32.60
Experience gains/(losses) on unfunded liabilities	0.08	0.04	(0.36)	10.81	(0.35)

Sensitivity Analysis

The results shown above are sensitive to the assumptions used. In each case, only the assumption mentioned is altered; all other assumptions remain the same. Sensitivity of unfunded benefits is not included on materiality grounds. This analysis is shown in the tables below:

Discount rate assumption

Adjustment to discount rate	+0.1% p.a. £000	-0.1% p.a. £000
Present value of total obligation	1,699,220	1,763,230
% change in present value of total obligation	-1.8%	1.9%
Projected service cost	47,240	50,180
Approximate % change in projected service cost	-3.0%	3.1%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a. £000	-0.1% p.a. £000
Present value of total obligation	1,738,960	1,723,000
% change in present value of total obligation	0.5%	-0.5%
Projected service cost	48,690	48,690
Approximate % change in projected service cost	0.0%	0.0%

Notes to the Core Financial Statements

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

Adjustment to pension increase rate	+0.1% p.a. £000	-0.1% p.a. £000
Present value of total obligation	1,755,140	1,707,090
% change in present value of total obligation	1.4%	-1.4%
Projected service cost	50,180	47,240
Approximate % change in projected service cost	3.1%	-3.0%

Post retirement mortality assumption

Adjustment to mortality age rating assumption	-1 year £000	+1 year £000
Present value of total obligation	1,782,440	1,679,740
% change in present value of total obligation	3.0%	-3.0%
Projected service cost	50,450	46,940
Approximate % change in projected service cost	3.6%	-3.6%

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

Notes to the Core Financial Statements

19. Non-Current Assets

Non-Current assets valuation

Non-Current assets are valued as per the accounting policies shown on pages 19 to 34.

2016/17	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2016	537,762	773,882	37,178	587,344	19,620	36,299	30,800	2,022,885
Additions	17,980	21,954	4,821	11,093	32	351	33,876	90,107
Impairment losses/reversals to RR *	0	(588)	0	0	0	(196)	0	(784)
Impairment losses / reversals to SDPS **	(153)	(2,443)	(325)	0	0	(21)	(32)	(2,974)
Derecognition - disposals	(1,186)	(25,659)	(5,183)	0	0	(1,430)		(33,458)
Reclassified (to)/from Held for Sale	0	0	0	0	0	8	0	8
Other reclassifications	400	13,291	193	7,088		1,074	(22,089)	(43)
Revaluation increases /(decreases) to RR*	0	2,282	0	0	0	5,918	0	8,200
Revaluation increases /(decreases) to SDPS**	0	(14,774)	0	0	0	(1,011)	0	(15,785)
At 31 March 2017	554,803	767,945	36,684	605,525	19,652	40,992	42,555	2,068,156
Depreciation								
At 1 April 2016	8,298	29,711	21,732	288,746	0	0	0	348,487
Depreciation charge	8,659	16,642	4,764	22,158	0	0	0	52,223
Depreciation written out on impairment	0	(1,161)	(186)	0	0	0	0	(1,347)
Derecognition - disposals	(16)	(12)	(5,183)	0	0	0	0	(5,211)
Depreciation written out to SDPS **	0	0	0	0	0	0	0	0
Reclassifications	0	(25)	0	0	0	0	0	(25)
Depreciation written out on revaluation	0	(18,986)	0	0	0	0	0	(18,986)
At 31 March 2017	16,941	26,169	21,127	310,904	0	0	0	375,141
Net Book Value:								
At 31 March 2017	537,862	741,776	15,557	294,621	19,652	40,992	42,555	1,693,015
At 31 March 2016	529,464	744,171	15,446	298,598	19,620	36,299	30,800	1,674,398

* RR = Revaluation Reserve

** SDPS = Surplus or deficit on Provision of Services

Notes to the Core Financial Statements

Comparative Movements in 2015/16

2015/16 Restated	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2015	604,426	805,389	41,388	575,174	19,206	37,024	11,509	2,094,116
Additions	16,866	18,251	4,739	11,284	389	2,103	25,540	79,172
Impairment losses/reversals to RR *	0	(591)	0	0	0	0	0	(591)
Impairment losses / reversals to SDPS **	(3,247)	(809)	0	0	0	(102)	(544)	(4,702)
Derecognition - disposals	(815)	(4,200)	(9,605)	0	0	(3,200)	0	(17,820)
Reclassified (to)/from Held for Sale	0	(1,842)	0	0	0	(410)	0	(2,252)
Other reclassifications	422	(2,317)	656	886	25	3,751	(5,705)	(2,282)
Revaluation increases /(decreases) to RR*	63,820	(14,001)	0	0	0	(415)	0	49,404
Revaluation increases /(decreases) to SDPS**	(143,710)	(25,998)	0	0	0	(2,452)	0	(172,160)
At 31 March 2016	537,762	773,882	37,178	587,344	19,620	36,299	30,800	2,022,885
Depreciation								
At 1 April 2015	35,414	39,724	26,399	266,508	0	0	0	368,045
Depreciation charge	8,298	16,905	4,862	22,238	0	0	0	52,303
Depreciation written out on impairment	0	(60)	0	0	0	0	0	(60)
Derecognition - disposals	0	(47)	(9,529)	0	0	0	0	(9,576)
Depreciation written out to SDPS **	0	(1,136)	0	0	0	0	0	(1,136)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(35,414)	(25,675)	0	0	0	0	0	(61,089)
At 31 March 2016	8,298	29,711	21,732	288,746	0	0	0	348,487
Net Book Value:								
At 31 March 2016	529,464	744,171	15,446	298,598	19,620	36,299	30,800	1,674,398
At 31 March 2015	569,012	765,665	14,989	308,666	19,206	37,024	11,509	1,726,071

* RR = Revaluation Reserve

** SDPS = Surplus or deficit on Provision of Services

Notes to the Core Financial Statements

Heritage Assets

2015/16 £000		2016/17 £000
50,884	Balance at 1 April	51,278
348	Additions	97
0	Revaluation increases /(decreases) to RR	2,471
46	Other Reclassifications	0
51,278	Balance at 31 March	53,846

The Council has tangible heritage assets which consist mainly of the following three categories:-

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

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

Public Art - There are over 100 pieces of public art owned by the Council across the City, including freestanding artworks and significant pieces integrated into the design of buildings. These assets are not identified or valued separately in the Council's Balance Sheet as conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these assets are held within the Cardiff Public Art Register, which is available on the Council's internet site www.cardiff.gov.uk under the Resident, Planning, City Design and Public Art section.

Scheduled Ancient Monuments - The Council is responsible or part responsible for 17 of the 28 scheduled ancient monuments in the City. These are required to be protected for their contribution to knowledge and culture and include prehistoric burial sites and mounds, castles and forts, religious sites, defence structures as well as other sites of industrial significance. Unless expenditure has been incurred on these assets previously, these sites are not included in the Council's accounts at historic cost or value. Given the unique and often diverse nature of these assets, conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these monuments are held within the Scheduled Ancient Monuments in Cardiff information leaflet which is available on www.cardiff.gov.uk under Resident, Planning and Conservation of the Built Environment section.

Paintings, artefacts and civic regalia - The Council has a collection of paintings, artefacts and civic regalia, much of which is related to local interest. The main items in terms of number and value are collections at the castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. These items are included in the balance sheet at an insurance valuation of £38.4 million undertaken externally as at 1 April 2016, by Mr A.N. Schoon, Antiques and Fine Art Valuer.

Council policy on acquisitions, disposals, care and conservation - Where resources allow, the Council will seek to create, acquire and preserve heritage resources for the benefits of its citizens in partnership with other public and private sector bodies using grant and other funding opportunities. Acquisitions are rare, although public art is often commissioned as part of regeneration schemes.

For assets held at the castle, acquisition, disposal and care is undertaken in accordance with the museum accreditation scheme.

The statutory requirements placed upon the owners of Scheduled Ancient Monuments are likely to make the disposal of assets within Council ownership unviable. Before any work, alteration or controlled archaeological excavations are undertaken, consent is obtained from the Welsh Government.

Notes to the Core Financial Statements

Investment Properties

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

2015/16 £000		2016/17 £000
100,787	Balance at 1 April	110,471
8,713	Additions	13,207
(617)	Disposals	(1,182)
(301)	Reclassified (to) / from Held for Sale	0
2,377	Other Reclassifications	45
(66)	Revaluation increases / (decreases) to RR*	0
(422)	Revaluation increases / (decreases) to SDPS**	9,700
110,471	Balance at 31 March	132,241

* Revaluation Reserve

** Surplus/Deficit on Provision of Services

Intangible Assets

Movements in Intangible assets during 2016/17 are summarised as follows:

	Other Intangible Assets £000	Intangible AUC £000	Total £000
Cost or Valuation			
At 1 April 2016	6,411	1,528	7,939
Additions	129	432	561
Other reclassifications	0	0	0
Impairment \ (Losses) / reversals to SDPS	0	0	0
At 31 March 2017	6,540	1,960	8,500
Amortisation			
At 1 April 2016	4,513	0	4,513
Amortisation	672	0	672
At 31 March 2017	5,185	0	5,185
Net Book Value:			
At 31 March 2017	1,355	1,960	3,315
At 31 March 2016	1,898	1,528	3,426

Comparative Movements in 2015/16:

Restated 2015/16	Other Intangible Assets £000	Intangible AUC Restated £000	Total £000
Cost or Valuation			
At 1 April 2015	4,523	3,359	7,882
Additions	98	377	475
Other reclassifications	1,790	(1,931)	(141)
Impairment \ (Losses) / reversals to SDPS	0	(277)	(277)
At 31 March 2016	6,411	1,528	7,939

Notes to the Core Financial Statements

Amortisation			
At 1 April 2015	3,289	0	3,289
Amortisation	1,224	0	1,224
At 31 March 2016	4,513	0	4,513
Net Book Value:			
At 31 March 2016	1,898	1,528	3,426
At 31 March 2015	1,234	3,112	4,346

Capital Expenditure and Capital Financing

Capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by borrowing, it results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be paid for. Prudent provision for the repayment of external borrowing reduces the CFR.

2015/16 £000		CFR exc. landfill 2016/17 £000	Landfill CFR 2016/17 £000	Total CFR 2016/17 £000
521,990	Opening Capital Financing Requirement	708,835	24,533	733,368
	<u>Capital Expenditure:</u>			
78,705	Property, Plant and Equipment*	86,570	0	86,570
348	Heritage Assets	97	0	97
0	Assets Held for Sale	0	0	0
8,753	Investment Properties	13,207	0	13,207
474	Intangible Assets	561	0	561
590	Loans/ Equity	171	0	171
200,432	Expenditure on REFCUS	7,751	0	7,751
	<u>Sources of Finance:</u>			
(5,857)	Capital Receipts	(7,675)	0	(7,675)
(33,034)	Government grants and other contributions	(41,458)	0	(41,458)
(5,954)	Direct revenue contributions and reserves	(10,834)	0	(10,834)
(33,080)	Prudent revenue and capital provision for loan repayment	(32,790)	(1,104)	(33,894)
733,367	Closing Capital Financing Requirement	724,435	23,429	747,864
	Explanation of movements in year:			
(7,264)	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	(5,317)	0	(5,317)
218,641	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	20,917	(1,104)	19,813
211,377	Increase in Capital Financing Requirement	15,600	(1,104)	14,496

*The difference between this figure for 2016/17 and the figure in the non-current assets note on page 72 is £3.537 million. This is due to a donated asset that is not recorded in the CFR.

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

Notes to the Core Financial Statements

Revenue Expenditure funded from Capital under Statute (REFCUS)

The following amounts were treated as capital expenditure to be paid for from capital resources. It includes expenditure on items that do not result in the creation or enhancement of an asset for the Council or where specific approval has been received from Welsh Government to treat such expenditure as capital expenditure and meet from resources that can only be used to pay for capital expenditure. The 2015/16 figures included the one off settlement payment of £187.4 million to exit the Housing Revenue Account Subsidy system, as well as a Capitalisation direction that allowed the Council to meet revenue costs of service reform from capital receipts. No directions were utilised in 2016/17.

	2015/16 £000	2016/17 £000
Expenditure:		
Housing Improvement Grants	6,645	4,792
Buildings not owned by Cardiff Council	2,293	2,745
Capitalisation Direction - Service Reform	2,435	0
Capitalisation Direction - Housing Revenue Account Subsidy System Settlement Payment	187,392	0
Grants awarded (not Housing Grants)	1,667	214
Charged to Income and Expenditure Statement	200,432	7,751
Funded by:		
Grants and Contributions	(8,161)	(3,629)
Borrowing, Receipts and Other Capital Resources	(192,271)	(4,122)
	(200,432)	(7,751)

Significant capital expenditure contractual commitments

At 31 March 2017 the figure for significant capital expenditure commitments scheduled for completion in 2017/18 and future years is £35.588 million (£26.222 million 2015/16) and includes the following:

	£000
Eastern High School	14,695
Public Realm - Central Square	6,695
St. Mellons Community Hub Phase 2	3,567
LED Lighting on Strategic Routes	3,290
Ninian Park School Extension	3,099
Communal Heating upgrades (Council Dwellings)	1,567
Roof replacements (Council Dwellings)	1,383
Greener Grangetown	1,292

20. Financial Instruments

Financial Instrument Balances

The following categories of Financial Instruments (Assets and Liabilities) are included in the Balance Sheet. They arise as a result of the Council's Treasury Management activities as well as Financial Instruments issued to further service objectives. Further detail and where applicable a fair value, are shown in the sections below along with the method of determining fair value in accordance with accounting policies for Financial assets and Liabilities. Debtors and Creditors, with the exception of car loans, are shown separately in the respective notes rather than as financial instruments:-

Notes to the Core Financial Statements

	31 March 2016 Restated			31 March 2017		
	Long Term £000	Short Term £000	Total £000	Long Term £000	Short Term £000	Total £000
Investments/Financial Assets						
Loans & Receivables at amortised cost	2,179	71,873	74,052	597	85,188	85,785
Investments at Fair Value	17,214	0	17,214	13,691	0	13,691
Total	19,393	71,873	91,266	14,288	85,188	99,476
Borrowings/Financial Liabilities						
Financial Liabilities at Amortised Cost	(659,408)	(16,148)	(675,556)	(668,028)	(14,972)	(683,000)

Investments / Financial Assets

Loans and receivables include:

- **Cash and bank including temporary investments** is £85 million, of which £68.6 million is deposited for various maturities with financial institutions
- **Car loans** to eligible Council staff. Loans are repaid with interest, over a specified period, not greater than five years, as set out in a loan agreement
- **Loans to Organisations** includes loans for Small to Medium Enterprises. Loans of £1m and £500,000 to Cardiff Bus and for regeneration of the Tramshed respectively were repaid in 2016/17.

	Valuation Method - Level	31 March 2016 Restated		31 March 2017	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Cash and Cash Equivalents	Cost	17,352	17,352	18,776	18,768
Deposits with banks and building societies	Level 2	53,093	53,138	65,082	65,130
Local Authority Mortgage Scheme	Level 2	1,042	1,076	1,042	1,045
Assisted Car Purchase Loans	Cost	726	726	629	629
Loan to Cardiff Bus	Cost	1,000	1,000	0	0
Loans to External Organisations / Subsidiary	Cost	839	839	256	256
Financial assets		74,052	74,131	85,785	85,828

Investments at Fair value include:

- The Council's 100% shareholding in Cardiff City Transport Services Limited. The Council's shareholding is not listed on any quoted market, however accounting rules require a fair value to be estimated. The valuation is estimated using inputs other than quoted prices (Level 2), with the inputs being Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), an estimated multiplier to determine an enterprise value and the Company's pension fund deficit. These variables can fluctuate dependent on the company's performance and economic climate and so any accounting valuation may vary significantly from year to year. Accordingly, any valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Available for Sale Financial Instruments Reserve'; hence there is no impact on Council Tax payable. The fair value of the investment at 31 March 2017 is estimated to be £13.3 million (£16.8 million 2015/16).
- Various minority equity holdings in companies are included either at cost or at quoted prices where available.

Notes to the Core Financial Statements

Borrowings / Financial Liabilities include:

- Borrowing is undertaken to fund the long term capital expenditure requirements of the Council and any short term cash flow requirements. It includes Lender Option Borrower Option Loans (LOBO) which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date. The date of maturity for such instruments is assumed to be the contractual period to maturity rather than the next date that the lender could request a change in the rate. The carrying amounts below also include accrued interest payable at 31 March 2017.

	Valuation Method - Level	31 March 2016		31 March 2017	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Public Works Loan Board Loans	Level 2	(620,098)	(839,641)	(624,514)	(915,372)
Lender Option Borrower Option Loans	Level 2	(51,634)	(63,468)	(51,637)	(74,972)
Market loans, Bonds and Temporary Balances	Level 2	(3,824)	(3,655)	(6,849)	(6,171)
Bank overdraft	Cost	0	0	0	0
Financial liabilities		(675,556)	(906,764)	(683,000)	(996,515)

The fair value of borrowing and financial liabilities is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Fair value calculations use the following assumptions:

- For PWLB debt, the transfer or fair value shown in the table is based on new borrowing rates from the PWLB for equivalent loans at 31 March 2017. An exit price fair value of £1,079,450 million is also calculated using early repayment discount rates which are lower than equivalent loan rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.

Financial Instrument Gains/Losses

The following table shows the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments:

	Financial Liabilities		Financial Assets				Total	
	Liabilities at Amortised Cost		Loans & Receivables		Investments at Fair Value			
	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Interest Expense	32,152	32,250	0	0	0	0	32,152	32,250
Impairment Losses	0	0	0	0	0	0	0	0
Interest Payable & Similar Charges	32,152	32,250	0	0	0	0	32,152	32,250
Interest / Dividend Income	0	0	(1,039)	(755)	0	0	(1,039)	(755)
Interest and Investment Income	0	0	(1,039)	(755)	0	0	(1,039)	(755)
(Surplus) / Loss on Disposal	0	0	0	0	(190)		(190)	0

Notes to the Core Financial Statements

(Surplus) / Loss on Revaluation	0	0	0	0	1,484	3,575	1,484	3,575
(Surplus) / Loss arising on revaluation or Disposal of financial assets	0	0	0	0	1,294	3,575	1,294	3,575
Net (gain) / loss for the year	32,152	32,250	(1,039)	(755)	1,294	3,575	32,407	35,070

Gains and losses include interest payable on borrowing, amounts receivable on investments, gains on disposal of investments and also movements from estimating changes in value of investments at fair value. No dividend was received in 2016/17 from Cardiff Bus (£250,000 2015/16).

Nature and Extent of Risks arising from Financial Instruments

The Council's activities in relation to financial instruments whether for treasury management purposes or service objectives expose it to a variety of risks. In undertaking its treasury management activities, the overriding objective is to minimise the risk of adverse consequences or loss, whilst at the same time not unduly constraining investment returns or unnecessarily incurring interest costs. Given the nature of investments, a trade-off between security, liquidity and yield cannot be avoided i.e. there is risk of default. This risk is enhanced when loans to external organisations are provided for service delivery objectives and indicators of significant impairment are considered at the balance sheet date.

Treasury management risks include credit and counterparty, liquidity and refinancing, interest rate, market value, exchange rate, fraud and regulatory risk. The Council has Treasury Management Practices to address and mitigate these risks. It has adopted the CIPFA Treasury Management Code of Practice and sets indicators to control key financial instrument risks.

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

Credit Risk

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

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

Credit Risk	Likelihood of Default	31 March 2016 £000	31 March 2017 £000
Deposits – banks, buildings societies	Deposits are placed only with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account extent of public ownership and sovereign rating. Ratings are regularly reviewed. A risk of non-recoverability applies to all of the Council's deposits which require rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in monitoring credit risk of counterparties. To date, the Council has not experienced default of any institution and as the counterparty exposure following table shows this is not deemed to be a significant factor for investments held. Accordingly no provisions or losses are to be recognised.	70,334	83,900
Local Authority Mortgage Scheme (LAMS)	The Council has placed a £1 million indemnity with Lloyds Bank as part of this scheme. This matures on the 24 April 2017. No mortgage defaults have occurred to date and an earmarked reserve is in place should this occur.	1,000	1,000

Notes to the Core Financial Statements

Credit Risk	Likelihood of Default	31 March 2016 £000	31 March 2017 £000																								
Car Loans	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	726	629																								
Loans to External Bodies	Includes primarily loans to SME's £256,000. Loans of £1m and £500,000 to Cardiff Bus and for regeneration of the Tramshed respectively were repaid in 2016/17. Where there is deemed to be a risk of non-repayment a provision or impairment is considered.	1,910	256																								
Customers	<p>The Council does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after balance sheet date and any other material factors that could affect the ultimate sum collectable.</p> <p>The bad debt provision for 2016/17 was based on the adjusted age profile disclosed in the following table.</p> <table border="1"> <thead> <tr> <th></th> <th>2015/16 £000</th> <th>2016/17 £000</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td>14,180</td> <td>15,684</td> </tr> <tr> <td>1 – 2 years</td> <td>593</td> <td>413</td> </tr> <tr> <td>2 – 3 years</td> <td>426</td> <td>138</td> </tr> <tr> <td>3 – 4 years</td> <td>448</td> <td>124</td> </tr> <tr> <td>4 – 5 years</td> <td>100</td> <td>90</td> </tr> <tr> <td>Over 5 years</td> <td>372</td> <td>359</td> </tr> <tr> <td>Total</td> <td>16,119</td> <td>16,808</td> </tr> </tbody> </table> <p>Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and provision against non-payment is not usually considered necessary.</p>		2015/16 £000	2016/17 £000	Less than 1 year	14,180	15,684	1 – 2 years	593	413	2 – 3 years	426	138	3 – 4 years	448	124	4 – 5 years	100	90	Over 5 years	372	359	Total	16,119	16,808	16,119	16,808
	2015/16 £000	2016/17 £000																									
Less than 1 year	14,180	15,684																									
1 – 2 years	593	413																									
2 – 3 years	426	138																									
3 – 4 years	448	124																									
4 – 5 years	100	90																									
Over 5 years	372	359																									
Total	16,119	16,808																									
Total		90,089	102,593																								

Counterparty Exposure at 31 March 2017

Counterparty	Country	Fitch Long Term	Investment £000
Bank of Scotland	UK	A	8,000
Commonwealth Bank of Australia	Australia	AA-	12,000
Development Bank Singapore	Singapore	AA-	5,000
Goldman Sachs International Bank	UK	A	10,000
Lloyds - LAMS	UK	A	1,000
Nationwide Building Society	UK	A	10,000
Oversea-Chinese Banking Corporation	Singapore	AA-	5,000
Santander UK	UK	A	10,000
Standard Chartered Bank	UK	AA-	5,000
Standard Life Investments	Domiciled in Ireland	AAA	2,550
Total			68,550

Notes to the Core Financial Statements

Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2017, the probability of any default is 0.013% or £8,912.

Liquidity and Refinancing Risk

This is the possibility that the Council may not have funds available to meet its commitments to make payments or have to refinance a financial liability at disadvantageous interest rates or terms. The Council has ready access to funds from the financial markets and Public Works Loan Board in order to raise finance to meet its commitments. Within its Treasury Management Strategy, limits are set on the proportion of its fixed rate loans maturing during specified periods. The amounts of fixed rate debt maturing in any period are disclosed in the following table:

31 March 2016 £000	Loans Outstanding	31 March 2017 £000
612,826	Public Works Loans Board	617,207
51,000	Lender Option Borrower Options (LOBOs)	51,000
2,348	Market Debt / Bonds	5,839
666,174	Total	674,046
6,766	Under 12 months	6,019
5,594	12 months and within 24 months	3,983
5,680	24 months and within 5 years	9,948
20,276	5 years and within 10 years	24,238
144,214	10 years and within 20 years	152,214
164,000	20 years and within 30 years	165,000
178,689	30 years and within 40 years	208,689
123,955	40 years and within 50 years	86,955
12,000	50 years and within 60 years	12,000
5,000	60 years and within 70 years	5,000
666,174	Total	674,046

The total values in the above table can be reconciled to the carrying amount of all financial liabilities carried at amortised cost by the addition of accrued interest of £7.944 million and miscellaneous short term borrowing of £1.010 million.

Currently, £24 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable every six months. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. Details are shown in the following table:

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	21/05/2017	6 months	21/11/2041
6	21/05/2017	6 months	21/11/2041
6	21/05/2017	6 months	23/05/2067
6	01/09/2017	6 months	23/05/2067
5	15/01/2018	5 years	17/01/2078
22	21/11/2020	5 years	23/11/2065

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

Interest Rate Risk

The possibility that financial loss might arise for the Council as a result of changes in interest rates.

Notes to the Core Financial Statements

The main impacts of interest rate movements are set out below:

Variable affected by interest rate fluctuations	Impact of Variation	Actions to mitigate interest rate risk
Interest earned on variable rate investments	Interest rate rises will increase income credited to the Comprehensive Income and Expenditure Statement, while reductions may result in less income than budgeted.	<ul style="list-style-type: none"> Production and Council approval of a Treasury Management Strategy at the start of each financial year, setting limits for fixed and variable rate exposure. Interest rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year. By borrowing fixed rate, the Council aims to minimise the revenue impact of interest fluctuations to provide stability for planning purposes. Council borrowing is primarily at fixed rather than variable rates.
Interest paid on variable rate borrowings	If interest rates rise, lenders may exercise options to increase rates in a Lender Option Borrower Option loan potentially increasing the interest expense charged to the Comprehensive Income and Expenditure Statement, should the Council accept the higher rate.	
Fair value of fixed rate financial assets	Interest rate rises will cause fair value to fall. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	
Fair value of fixed rate financial liabilities	Fair value will fall if interest rates rise. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	

To give an indication of the Council's sensitivity to interest rate change, the table indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2016/17 been on average 1% higher with all other variables held constant.

Interest Rate Risk Income and Expenditure Account	£000
Increase in interest payable on borrowings	(265)
Interest in interest receivable on investments	461
Impact on Income and Expenditure Account	196
Increase in interest transferred to HRA	(58)
Increase in interest transferred to other balances and accounts	(63)
Net Income / (Expenditure)	75

Changes in Fair Value	£000
Decrease in Fair Value of Fixed Rate Investments	233
Decrease in Fair Value of Fixed Rate Borrowings	153,656

The impact of a 1% fall in interest rates may not have exactly the opposite effect, since financial instruments with calls may not be exercised by the lender or borrower.

Foreign exchange risk

The Council's exposure to loss arising from movements in exchange rates is minimal. Borrowing and investments are carried out only in sterling.

Notes to the Core Financial Statements

Price Risk

This is the possibility of the Council having financial gains or losses from movements in prices of financial instruments. Whilst the Council's approved Treasury Management policy allows investments in financial instruments such as bank certificates of deposit and Government bonds. The Council invests primarily in those instruments where the sum returned on maturity is the same as the initial amount invested. For service investment purposes, the Council has equity holdings of £76,000 (£157,000 in 2015/16) which are quoted on a recognised stock exchange at 31 March 2017.

The Council's 100% shareholding in Cardiff City Transport Services Ltd is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. A general shift of 5% in the fair value (positive or negative) would result in a £664,000 gain or loss being recognised in the Movement in Reserves Statement.

21. Held for Sale Assets

2015/16 £000		2016/17 £000
3,040	Balance at 1 April	2,819
(1,751)	De-recognition	(2,731)
2,553	Reclassified to/(from) Held for Sale	(8)
(119)	Revaluation increases /(decreases) to RR*	0
(904)	Revaluation increases /(decreases) to SDPS**	0
2,819	Balance at 31 March	80

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

22. Debtors

31 March 2016 £000		31 March 2017 £000
43,059	Central Government Bodies	45,251
13,242	Other Local Authorities	9,120
4,691	NHS Bodies	5,259
34	Public Corporations & Trading Funds	14
25,472	Other Entities and Individuals	24,110
86,498	Total Debtors Net of Impairments	83,754

23. Cash and Cash Equivalents

31 March 2016 £000		31 March 2017 £000
233	Cash	223
13,108	Bank (including cheque book schools)	15,992
4,011	Short-term deposit with banks and building societies	2,561
17,352	Total Cash and Cash Equivalents	18,776

Included within the bank figure above are bank balances of chequebook schools totalling £1.740 million (£859,000 in 2015/16).

In addition to the above, at 31 March 2017 the Council held £594,000 (£883,000 at 31 March 2016) on behalf of third parties, mainly Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

Notes to the Core Financial Statements

24. Creditors

31 March 2016 £000		31 March 2017 £000
(13,498)	Central Government Bodies	(16,155)
(11,518)	Other Local Authorities	(7,907)
(1,424)	NHS Bodies	(1,594)
(9)	Public Corporations & Trading Funds	(4)
(58,848)	Other Entities and Individuals	(61,943)
(85,297)	Total Creditors	(87,603)

25. Interests in Other Companies and Other Organisations

The Council had three wholly owned subsidiary companies which traded during 2016/17. The interest in Cardiff City Transport Services Ltd is consolidated into the Council's group accounts, on pages 126 to 146. The interests in the other organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the Council to a material level of commercial risk. They have therefore been excluded from the consolidation in 2016/17.

Cardiff City Transport Services Ltd. (Cardiff Bus)

Cardiff City Transport Services Ltd. was set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation and started operations in October 1986. The company's operating results for 2016/17 are summarised below:

	Year to 31 March 2016 Restated £000	Year to 31 March 2017 Draft £000
Turnover and other income	(30,991)	(32,007)
Operating and other expenditure	30,633	31,686
Net (Profit) / Loss before Taxation	(358)	(321)
Less: Taxation	65	0
(Profit) / Loss after Taxation	(293)	(321)

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

	31 March 2016 Restated £000	31 March 2017 Draft £000
Bus and other operating assets	22,422	21,791
Current Assets	6,033	5,013
Less Current Liabilities	(5,786)	(4,715)
Creditors: Amounts falling due after more than one year	(5,252)	(4,998)
Provisions & Long term liabilities	(1,308)	(1,117)
Deferred Taxation	(1,282)	(1,282)
Pension Liability	(2,791)	(3,820)
Total Assets less Liabilities	12,036	10,872
Represented by:		
Share Capital	4,618	4,618
Retained Earnings	4,276	3,112
Revaluation Reserve	3,142	3,142
Net Worth	12,036	10,872

Notes to the Core Financial Statements

In 2016/17 the Council made payments totalling £9.448 million to Cardiff Bus (£9.308 million in 2015/16), of which £8.527 million related to concessionary fares payments (£8.655 million in 2015/16). The Council also received income of £93,000 (£326,000 in 2015/16). During 2016/17 Cardiff Bus did not pay a dividend to the Council in 2016/17 (£250,000 was paid in 2015/16).

At 31 March 2017, Cardiff Bus had inter-company balances with the Council as follows: debtors £106,000 (£87,000 in 2015/16) and creditors £9,000 (£nil in 2015/16).

The accounts for year ended 31 March 2017 have not yet been audited. The company's auditors are Deloitte.

Cardiff Business Technology Centre Ltd. (CBTC)

The company's principal activity is to promote and assist in the development of new and existing high technology companies through the provision of business/incubator premises with a high level of support services. The Council's guarantee to CBTC is to pay costs not exceeding £10 in the event of the company being wound up. The most recent operating results are shown as follows:

	March 2016 Restated £000	March 2017 £000
Net (Profit) / Loss before Taxation	(60)	(13)
Less: Taxation	11	2
(Profit) / Loss after Taxation	(49)	(11)

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

	31 March 2016 Restated £000	31 March 2017 £000
Total assets less current liabilities	850	853
Creditors: falling due after more than one year	(7)	(7)
Provision for taxation	(118)	(116)
Total Assets less liabilities	725	730
Represented by:		
Retained Profit	269	274
Revaluation Reserve	456	456
Net Worth	725	730

During 2016/17 the Council received income of £0 (£36,000 in 2015/16) from CBTC. At 31 March 2017 CBTC owed the Council £0 (£792 at 31 March 2016) and was owed £0 (£nil at 31 March 2016).

The accounts for year ended 31 March 2017 have not yet been audited. The company's auditors are Gerald Thomas & Co.

Cardiff Business Council Ltd.

Cardiff Business Council is a company set in 2013/14 to grow Cardiff's private sector by marketing and promoting the Cardiff Capital Region as a world-class destination for business investment and tourism. This company is to close in 2017/18 and is not considered a going concern. The company's operating results for 2016/17 are summarised below:

Notes to the Core Financial Statements

	Year to 31 March 2016 £000	Year to 31 March 2017 £000
Net (Profit) / Loss before Taxation	108	40
Less: Taxation	0	0
(Profit) / Loss after Taxation	108	40

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

	31 March 2016 £000	31 March 2017 £000
Total assets less current liabilities	42	2
Total Assets less liabilities	42	2
Represented by:		
Retained Profit	42	2
Net Worth	42	2

During the year the Council made no core funding payments (£340,000 in 2015/16) to Cardiff Business Council and received £1,244 income from the Company (£40,036 in 2015/16). The Council incurred other expenditure in connection with Cardiff Business Council totalling £2,164 (£177,092 in 2015/16).

The company's auditors are Broomfield & Alexander. An unqualified audit opinion has been issued in respect of the accounts for year ended 31 March 2017.

Atebion Solutions Ltd

A new wholly owned company was incorporated on the 5 October 2016 to deliver procurement and commercial services in the public sector. There were no transactions in the 2016/17 financial year and the company will produce its first set of accounts as at 31 March 2018.

26. Provisions

	Balance 1 April 2016 Restated £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2017 £000	Not later than one year £000	Later than one year £000
Cardiff Insurance Provisions	(10,442)	4,422	(3,539)	(9,559)	(4,278)	(5,281)
MMI Scheme of Arrangement Levy	(277)	304	(78)	(51)	(10)	(41)
Ferry Road Landfill Provision	(9,096)	144	0	(8,952)	(210)	(8,742)
Lamby Way Landfill Provision	(16,574)	1,288	0	(15,286)	(1,589)	(13,697)
Other Provisions	(1,833)	1,231	(487)	(1,089)	(1,029)	(60)
Total Provisions	(38,222)	7,389	(4,104)	(34,937)	(7,116)	(27,821)

The **Cardiff Insurance Provision** represents sums set aside to meet the cost of claims received, but not yet settled. The Council operates a system of self-insurance which provides cover either in part or in total for a considerable number of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self-funded whereas full cover is provided for secondary risks such as 'All Risks'.

Notes to the Core Financial Statements

Municipal Mutual Insurance (MMI) Scheme of arrangement levy provision represents a scheme that was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of future claims. Further details are provided in [note 32](#)

Landfill Aftercare Provision reflects the financial obligations to address restoration and aftercare for Lamby Way and Ferry Road sites in accordance with initial permits for the disposal of waste. These obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure. During 2013/14, the Council's Waste Management service produced estimates of such costs as part of its Aftercare Management Plan, which will be reviewed in 2017/18.

Other provisions include £522,000 in relation to potential maintenance costs in connection with the Council's occupancy of the Friary building.

27. Pension Strain

In addition to the costs of redundancy payments made to leavers, in some cases the Council also incurs costs relating to Pension Strain which it is required to pay over to the Pension Fund when individuals leave via the Severance Scheme.

This applies only to leavers who are members of the Local Government Pension Scheme and aged 55-59 at the date they leave employment with the Council. The pension strain cost to the Council is the amount it has to pay over to the Pension Fund to compensate for the lost pension contributions for these staff.

The Council has an arrangement in place with the Cardiff & Vale Pension Fund whereby it pays the amounts due in respect of pension strain over a 5 year period in order to spread the impact of these costs. The following table shows the level of pension strain in the balance sheet.

	31 March 2016	31 March 2017
	£000	£000
Pension Strain due within 1 year	2,354	1,414
Pension Strain due later than 1 year	4,891	3,219
Total Pension Strain	7,245	4,633

28. Deferred Liabilities

These are amounts paid in advance by external bodies towards future year's revenue costs and maintenance.

	Balance 1 April 2016	Utilised/ Released in year	Transfers to Deferred Liabilities	Balance 31 March 2017	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Commuted Maintenance Sums	(7,603)	1,250	(3,314)	(9,667)	(846)	(8,821)
Rent Smart Wales Income in Advance	0	0	(7,200)	(7,200)	(2,000)	(5,200)
Total Deferred Liabilities	(7,603)	1,250	(10,514)	(16,867)	(2,846)	(14,021)

29. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts available to finance future capital expenditure or to repay historical capital incurred.

Notes to the Core Financial Statements

2015/16 £000		2016/17 £000
1,336	Balance as at 1 April	5,423
	Movements during Year:	
8,739	Sale of Land, Buildings and other assets	7,501
2,426	Sale of Council Dwellings	2,991
283	Recoupments of grant/other	192
11,448		10,684
(5,857)	Finance Capital Expenditure	(7,675)
(1,504)	Provide for Repayment of External Loans	(1,227)
(7,361)		(8,902)
5,423	Balance as at 31 March	7,205

30. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

The Reserves contain only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2015/16 £000		2016/17 £000
201,371	Balance as at 1 April	254,122
134,348	Upward revaluation of assets	26,098
(73,901)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(10,953)
60,447	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	15,145
(2,446)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(2,448)
(5,250)	Accumulated gains on assets sold or scrapped	(7,897)
(7,696)	Amount written off to the Capital Adjustment Account	(10,345)
254,122	Balance as at 31 March	258,922

Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. The Account is credited with the amounts used as finance for capital expenditure. It contains accumulated gains and losses on Investment Properties, amounts set aside to repay external loans and also revaluation gains accumulated on non-current assets before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all of the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Core Financial Statements

2015/16 £000		2016/17 £000
1,164,708	Balance as at 1 April	856,975
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(56,146)	Charges for depreciation and impairment of non-current assets	(53,824)
7,188	Reverse previous impairment on revaluation	36,062
(129,948)	Revaluation losses on Property, Plant and Equipment	(38,118)
(1,224)	Amortisation of intangible assets	(672)
(192,271)	Expenditure on REFCUS	(4,122)
(6,460)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(24,260)
(378,861)		(84,934)
2,446	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	2,448
(376,415)	Net written out amount of the cost of non-current assets consumed in the year	(82,486)
	Capital financing applied in the year:	
5,857	Capital Receipts	7,675
5,233	Direct Revenue Financing	10,829
721	Reserves and provisions	0
42	Insurance settlement	0
25,261	Grants and contributions	41,191
31,576	Prudent Revenue Provision	32,667
1,504	Capital receipts to provide for repayment of external loans	1,227
(120)	Reduction in loan debtors	(1,703)
70,074		91,886
(488)	Movements in the value of Investment Properties	9,700
(904)	Movement in the value of Held for Sale assets	0
856,975	Balance as at 31 March	876,075

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. The Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Useable Capital Receipts Reserve.

2015/16 £000		2016/17 £000
87	Balance as at 1 April	2,049
2,000	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(38)	Transfers to the Capital Receipts Reserve upon receipt of cash	(11)
2,049	Balance as at 31 March	2,038

The balance increased in 2015/16 due to the deferred payment from disposal of the Central Bus Station site.

Notes to the Core Financial Statements

Available for Sale Financial Instruments Reserve

Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments held as Financial Instruments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2015/16 £000		2016/17 £000
18,295	Balance as at 1 April	16,811
(1,484)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(3,576)
16,811	Balance as at 31 March	13,235

It includes the Council's shareholding in Cardiff Bus which is not listed on any quoted market, and for which a valuation is estimated to comply with accounting for Financial Instruments. Any change in value within the Council's accounts does not have an impact on the Council Tax payer, revenue budget or cash flow in any one year as any movement in value of the asset is reflected in the 'available for sale reserve'. Any valuation should be treated with care as it is for accounting purposes only.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains entries required by legislation to ensure that the impact on Council Tax, resulting from accounting for various Financial Instruments is neutralised.

2015/16 £000		2016/17 £000
(2,367)	Balance as at 1 April	0
2,367	Proportions of premiums and discounts incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	0
0	Balance as at 31 March	0

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

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Notes to the Core Financial Statements

2015/16 Restated £000		2016/17 £000
(555,151)	Balance as at 1 April	(559,208)
12,347	Actuarial gains or losses on pensions assets and liabilities	(16,049)
(60,086)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(61,579)
1,837	Reversal of amounts accrual in respect of pension strain for future years	2,613
41,845	Employer's pensions contributions and direct payments to pensioners payable in the year	42,867
(559,208)	Balance as at 31 March	(591,356)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to and from the Account.

2015/16 £000		2016/17 £000
(7,670)	Balance as at 1 April	(6,289)
1,381	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,963)
(6,289)	Balance as at 31 March	(8,252)

31. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2016/17:

	2015/16 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(322,851)	(320,309)
Outcome Agreement Grant	(3,344)	0
Non-Domestic Rates	(101,253)	(105,994)
Capital Grants	(23,613)	(39,778)
Developers' Contributions	(1,691)	(1,413)
Total	(452,752)	(467,494)
Credited to Services (Revenue Grants & Contributions)		
Central Government Bodies	(277,944)	(256,021)
Other Local Authorities	(3,282)	(2,033)
NHS Bodies	(9,022)	(11,799)
Public Corporations & Trading Funds	(216)	(709)
Other Entities and Individuals	(15,903)	(1,519)
Total	(306,367)	(272,081)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Notes to the Core Financial Statements

31 March 2016 £000		31 March 2017 £000
	Capital Grants Receipts in Advance	
(1,791)	Central Government Bodies	(974)
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
0	Other Entities and Individuals	0
(1,791)	Total	(974)

31 March 2016 £000		31 March 2017 £000
	Revenue Grants and Contributions Receipts in Advance	
(2,056)	Central Government Bodies	(1,122)
0	Other Local Authorities	0
(29)	NHS Bodies	0
(199)	Public Corporations and Trading Funds	(372)
(242)	Other Entities and Individuals	(522)
(2,526)	Total	(2,016)

Capital Expenditure and other Contributions Receipts in Advance:

31 March 2016 £000		31 March 2017 £000
(10,095)	Balance as at 1 April	(9,933)
	Movements during Year:	
(1,504)	Contributions received during the year	(3,590)
1,284	Contributions applied to expenditure during the year	1,413
382	Reclassification	267
(9,933)	Balance as at 31 March	(11,843)

This represents amounts received from predominantly developers and other external sources, which are yet to be used to fund specific future expenditure.

32. Contingent Assets & Liabilities

Assets

The Council holds a proportion of equity in a number of properties arising primarily from the affordable housing contribution that developers provide on new build developments. The equity proportions range from 20% to 40%, with the buyer nominated by the Council providing the balance of the resources to purchase the property. These properties were aimed at first time buyers who could not afford to buy a home on the open market. When the owner of the property wishes to sell their home, the Council have the first opportunity to nominate a purchaser from the assisted home ownership waiting list. If there is no nomination, the owner is free to sell on the open market and the Council is entitled to its relevant proportion of the market value of disposal in accordance with the charge on the property. This is treated as a capital receipt in the year that it is received. The estimated total value of equity provided at 31 March 2017 is £4.520 million.

Notes to the Core Financial Statements

At 21 December 2015, Glamorgan County Cricket Club owed the Council a total of £6.534 million. In March 2015, the Council approved a request from the club to write off 70% of sums due and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 following completion of legal agreements and confirmation of no adverse tax implications for the club. Given the risks of recovery of sums due that still remain, the balance due of 30% (£1.960 million) remains 100% impaired. Any balances due are not shown in the financial statements but are shown as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan. Repayments are proposed to begin in 2019.

There are a number of outstanding VAT claims that could be due to the Council in the future. This includes Cultural Exemption and Royal Mail claims. Certain claims would also be subject to due interest being added to the amount received.

Liabilities

As at 31 March 2017 there existed 12 claims against the Council for which there is no insurance cover. The claims include unfair dismissal, disability discrimination, council house disrepairs, personal injury claims and breach of contract. The potential liability in respect of the claims is estimated to be £523,000, although some are unknown and the Council is resisting liability.

In relation to the development of new bus interchange at Central Square, the Council has entered into a pre planning agreement whereby the developer will deal with tenant, design, planning and demolition issues as part of its proposed developed of a mixed use facility building The Pre Planning Agreement commits the Council to underwrite certain agreed costs being incurred by the developer to enable work on the full planning application, development of a business case to identify and eliminate risks and to support a funding approach for the interchange. Whilst the Council may retain some warranties over any design and other costs incurred, should the Council not proceed with the bus interchange with the developer, costs of up to £4.7 million would be payable.

The former Authorities of South Glamorgan County Council and Cardiff City Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. The Council are liable to pay a percentage of claims previously settled by MMI and contribute to the cost of future settled claims.

Cardiff Council's share of the maximum liability in relation to the former Authorities is currently estimated at £2.394 million. However, as the Council has already paid a levy totalling £0.542 million, the maximum residual exposure has been reduced to £1.847 million. The accounts reflect the eventual payment of 65% of this sum, reflected as a provision of £51,000 with £1.167 million held in earmarked reserve. The level of 65% is considered prudent based on most recent actuarial advice however, the contingent liability relates to the potential that a sum over and above this could eventually fall due at some point in the future.

33. Notes to Cash Flow Statement

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

	2015/16 £000	2016/17 £000
Depreciation, impairment & amortisation	(181,572)	(46,851)
Charges made for retirement benefits (IAS19) less employers contributions	(15,023)	(18,062)
Contributions (to)/from provisions	6,272	2,005
Gain/loss on disposal of non-current assets	(11,710)	(32,158)
Increase/(decrease) in stock	(30)	36
Increase/(decrease) in debtors (exc capital)	12,863	(6,214)

Notes to the Core Financial Statements

(Increase)/decrease in creditors (exc capital creditors) & super fund	4,186	4,031
	(185,014)	(97,213)

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

	2015/16 £000	2016/17 £000
REFCUS	(192,271)	(4,122)
Net gain/(loss) on sale of non-current assets	11,096	8,946
Repayments of liabilities under finance leases	0	0
Capital grants/contributions recognised in I&E	25,304	41,191
Other cash items which effect investing or financing activities	(22,610)	2,377
	(178,481)	48,392

34. Events After the Reporting Period

There are no events after the reporting period to report.

35. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 28 September 2017 by Corporate Director Resources. Post Balance Sheet events have been considered up to this date.

Housing Revenue Account

The Local Government and Housing Act 1989 places a statutory duty on local authorities to maintain a separate account for the costs associated with the management and maintenance of Council dwellings. This is termed the Housing Revenue Account (HRA).

Expenditure items include repairs and maintenance (£19.959 million), supervision and management (£19.239 million), including rent collection, housing allocations and property and estate management and interest and debt repayment, including a contribution to pay for capital expenditure (£26.587 million).

During 2016/17, some key performance indicators included:

- Successful void property management evidenced by the 1% vacant stock as a percentage of overall stock.
- 100% of reported graffiti cleared in line with targets.
- 100% of 551 clean and clear jobs completed within 10 working days.
- 93% of urgent antisocial behaviour cases contacted within 1 working day.
- 98% of emergency repairs completed on time.
- 92% of responsive repairs carried out by the in-house workforce.

Tenant participation is welcome and encouraged in numerous ways including a dedicated Tenant Participation team, conferences, tenants' voice meetings, Community Action days, information provision at the Citizen Hubs, the Tenants' Times publication and other social media.

A recent Tenant Satisfaction Survey showed: -

- 83% of tenants who expressed an opinion were satisfied with the way we deal with repairs
- 90% of tenants were satisfied with their neighbourhood as a place to live
- 95% of tenants were satisfied that they were kept informed about things affecting them as tenants

The major income streams include Council house rents (£63.253 million) and charges for services and facilities (£6.067 million). The average weekly net rent charged in 2016/17 was £91.11 based on a 52 week rent year.

Our housing stock is valued in the accounts at £538 million. The Council revalued council dwellings in 2015/16 with the vacant possession value deemed to be £1.3 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 40% in order to show the economic cost of providing social housing at less than market rent. Valuations are updated at least every three years.

The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2017, this stands at £274 million and is currently below the maximum limit set by Welsh Government (£316 million). The overall debt level includes the one off payment of £187.392 million paid during 2015/16 to exit the Housing Revenue Account Subsidy System (HRAS). This exceptional item is recognised as capital expenditure in the Comprehensive Income and Expenditure Statement. The HRAS was a funding mechanism whereby circa £15 million of net rental income received from dwelling rents had to be passed back to the Treasury via Welsh Government. Following the buy-out and under the new self-financing regime, the Council can now retain and reinvest all income, after additional costs of interest and provision for debt payment. All borrowing must be affordable both now and in the future as it needs to be repaid with interest.

A 30 year business plan and financial model, completed on an annual basis for submission to Welsh Government, provides financial forecasts and performance and service information for the HRA.

With over 8,000 people currently on the combined housing waiting list, the plan includes 600 new affordable Council homes in the City with further targets for new build and acquisitions. In addition, the Council has applied to the Welsh Government to suspend the Right to Buy scheme to preserve current stock levels. Other objectives include support for people in vulnerable situations and an integrated approach to locality based care to enable people to continue to live independently at home.

Housing Revenue Account

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2015/16 Restated £000		Note	2016/17 £000
	Expenditure		
22,740	Repairs and maintenance		19,959
17,929	Supervision and management		19,239
133	Rents, rates, taxes and other charges		170
32	Housing Revenue Account subsidy payable		0
565	Provision for bad and doubtful debts		650
120,169	Depreciation, impairment and revaluation losses of non-current assets	8	9,407
0	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	25
187,392	Housing Revenue Account settlement payment		0
66	Debt management costs		39
349,026	Total Expenditure		49,489
	Income	2	
(61,103)	Dwelling rents		(63,253)
(89)	Non-dwelling rents		(98)
(6,444)	Charges for services and facilities		(6,067)
(67,636)	Total Income		(69,418)
281,390	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(19,929)
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(1,855)	(Gain)/loss on sale of HRA non-current assets		(2,088)
13,015	Interest payable and similar charges		12,497
0	Changes in fair value of investment properties		208
(72)	Interest and Investment income		(72)
(10,181)	Capital Grants and Contributions applied		(9,645)
282,297	(Surplus)/Deficit for year on HRA services		(19,029)

Notes to Housing Revenue Account

MOVEMENT ON HRA STATEMENT

2015/16 £000		Note	2016/17 £000
(8,438)	Balance on the HRA at the end of the previous year		(8,438)
282,297	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(19,029)
(283,013)	Adjustments between accounting basis and funding basis under regulations	1	15,897
(716)	Net (increase)/decrease before transfers to or from reserves		(3,132)
716	Transfers to/(from) earmarked reserves		3,132
0	Increase or decrease in the year on the HRA		0
(8,438)	Balance on the HRA at the end of the current year		(8,438)

1. Adjustments between Accounting Basis and Funding Basis Under Regulations

2015/16 £000		Note	2016/17 £000
	Adjustments primarily involving the Capital Adjustment Account:		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
120,169	Charges for depreciation, impairment and revaluation of non-current assets	8	9,407
0	Movement in the market value of investment properties		208
187,392	Sums directed by Welsh Government	9	25
0	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		0
(10,181)	Capital grants and contributions applied		(9,645)
	<u>Insertion of items not debited or credited to the HRA Income and Expenditure Statement:</u>		
(7,912)	Prudent Provision for the financing of capital investment		(8,043)
(4,818)	Capital expenditure funded by the HRA		(6,009)
	Adjustments involving the Pensions Reserve:		
2,758	Net Retirement Benefits per IAS19		2,976
0	Pension Strain Accrual – future years		53
(2,630)	Employers Contributions to pension schemes		(2,851)
	Adjustments involving the Capital Receipts Reserve:		
(2,149)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(2,483)
32	Credit for disposal costs that qualify to be met from the resulting capital receipts		42
	Adjustments involving the Revaluation Reserve:		
290	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		395
	Adjustments involving the Accumulated Compensated Absences Account:		

Notes to Housing Revenue Account

28	Amount by which officer remuneration charged to the HRA Income & Expenditure Account on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	28
Adjustments involving the Financial Instruments Adjustment Account:		
34	Amortisation of premiums and discounts	0
283,013	Total Adjustments	(15,897)

2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Vacancies accounted for 1.25% of rental income (2.03% in 2015/16). Average rents were £91.11 per week (£88.23 in 2015/16) based on a 52 week year.

3. Rent Arrears and Bad Debt Provision

	As at 31 March 2016		As at 31 March 2017	
	Rent arrears £000	Bad debt provision £000	Rent arrears £000	Bad debt provision £000
Ordinary HRA	2,795	2,189	3,166	2,465
Leasehold properties	41	41	39	39
Hostels	156	156	210	210
Total	2,992	2,386	3,415	2,714

In addition the following sums were also due from tenants:

	As at 31 March 2016		As at 31 March 2017	
	Arrears £000	Bad debt provision £000	Arrears £000	Bad debt provision £000
Service Charges	81	49	91	55
Tenants recoverables	358	358	399	399
Total	439	407	490	454

During 2016/17 a number of old debts totalling £211,450 were written off as irrecoverable (£195,202 in 2015/16).

4. Pension Costs

In accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) the amount included within Supervision and Management in respect of employee costs includes the current service cost for pensions. In order that the bottom line pension cost borne by the HRA equals the total employer's contributions paid to the Pension Fund in the year plus any discretionary benefits payable to ex-housing staff, a transfer has been made to the Pensions Reserve as follows:

	2015/16 £000	2016/17 £000
Cost of employer's contributions plus discretionary benefits	2,630	2,851
Current service cost	(2,758)	(2,976)
Pension Strain Accrual - Future Years	0	53
Net transfer to Pensions Reserve	(128)	(72)

No attempt has been made to apportion a share of the pensions interest cost and expected return on pensions assets to the HRA as there is no valid basis of apportionment.

Notes to Housing Revenue Account

5. Housing Stock

The Council's housing stock is shown below:

	31 March 2016	31 March 2017
Houses	7,251	7,224
Bungalows	624	628
Flats/Bedsits	5,083	5,082
Maisonettes	168	169
Retirement complexes	357	352
Total	13,483	13,455

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

	31 March 2016	31 March 2017
Bed spaces in hostels	9	9
Flats in hostels	49	49
Total	58	58

6. Capital Expenditure and Capital Financing

2015/16 £000		2016/17 £000
94,518	Opening Capital Financing Requirement	276,599
	<u>Capital Expenditure:</u>	
16,867	Council dwellings	17,980
352	Other land & buildings	2,095
786	Vehicles, plant & equipment	115
94	Surplus assets	351
1,259	Assets under construction	3,516
118	Intangible Assets including intangible AUC	70
0	REFCUS	25
187,392	REFCUS - Housing Revenue Account settlement payment	0
0	Appropriation of Land	0
	<u>Sources of Finance:</u>	
(1,876)	Capital Receipts	(3,173)
(10,181)	Government grants and other contributions *	(9,645)
(4,818)	Direct revenue contributions and reserves	(6,009)
(7,912)	Prudent revenue and capital provision for loan repayment	(8,042)
276,599	Closing Capital Financing Requirement	273,882
316,554	Debt Cap at 31 March	316,554
39,955	Headroom	42,672
	Explanation of Movements in Year:	
0	Decrease in Underlying need to borrow (supported by government financial assistance - relating to previous years)	0
182,081	Increase / (Decrease) in Underlying need to borrow (unsupported by government financial assistance - relating to previous years)	(2,715)
(182,081)	Movement in capital financing requirement	(2,715)

Notes to Housing Revenue Account

*£9.590 million (£9.614 million in 2015/16) of Major Repairs Grant was received from Welsh Government and applied in the year.

Following the exit from the housing subsidy system in 2015/16 all borrowing for the HRA is unsupported. As part of the exit, the Council must adhere to a debt cap set by Welsh Government. This is based on the Housing Capital Financing Requirement (CFR) calculation and at 31 March 2017, the cap was £316.554 million. The table above shows the Council remained within its cap. Breach of the cap could result in financial penalties imposed on the Council by Welsh Government.

7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2016/17 were as follows:

- Council Dwellings and Home Purchase Contributions £2.991 million (£2.426 million in 2015/16)
- Land £0.234 million (£0.207 million in 2015/16)

8. Depreciation, Impairment and Revaluation Charged

Depreciation and impairment was charged on HRA assets as shown in the table below. Such charges to the HRA and changes in valuation do not have any impact on the amount required to be collected from rents as all such adjustments to non-current assets are required to be neutralised from capital reserves.

2015/16		2016/17
£000		£000
	Depreciation	
8,299	Council Dwellings	8,659
141	Land and buildings	187
373	Vehicles, plant & equipment and Intangibles	391
8,813	Total depreciation	9,237
	Impairment and Revaluation	
111,543	Council dwellings	152
(221)	Land and buildings	17
34	Vehicles, plant & equipment and Intangibles	0
111,356	Total Impairment and Revaluation	169
120,169	Depreciation, impairment and revaluation of non-current assets	9,406

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

9. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure of £25,000 was incurred in 2016/17 (£187.392 million in 2015/16). The amount charged to the HRA in 2015/16 was in relation to the settlement payment made for the exit from the HRA Subsidy system.

Notes to Housing Revenue Account

	2015/16 £000	2016/17 £000
Expenditure:		
Buildings not owned by the Council	0	25
Capitalisation Direction - Housing Revenue Account Subsidy System Settlement Payment	187,392	0
Charged to Income and Expenditure Account	187,392	25
Funded by:		
Borrowing, receipts and other capital resources	187,392	25
	187,392	25

Foreword

The City of Cardiff Council is the Administering Authority for the Cardiff & Vale of Glamorgan Pension Fund which is itself part of the national Local Government Pension Scheme (LGPS) for England & Wales. The regulations for the Scheme are determined by the UK Government.

The Pension Fund's assets rose by 21.1% during 2016/17, from £1.653 billion to £2.002 billion. The Fund's overseas investments saw returns of over 30% in sterling terms as a consequence of the fall in the value of the pound following the Referendum on the UK's membership of the EU. Over the longer term returns on the Fund's investments have averaged over 10% per annum.

The triennial actuarial valuation of the Fund as at 31 March 2016 was completed in March 2017. The funding ratio improved from 82% to 85%, largely due to the growth in Fund assets over the three years. An increase in liabilities due to changes in financial assumptions was offset by a reduction due to revised demographic assumptions. The overall funding deficit was £299m and employer contributions have been set for the next three years with the aim of recovering deficits within 19-20 years.

The eight LGPS funds in Wales continued to develop their proposals for a Wales Investment Pool during the year following the positive response from the DCLG in March 2016 to the outline proposal submitted in February. Detailed proposals were submitted in July and approval to proceed was received in November. The Welsh funds are establishing a Joint Governance Committee to oversee the Pool and City of Cardiff Council approved the governance proposals at its Full Council meeting in February 2017. The assets of the Pool will be managed by a regulated Pool Operator. The Pool will be established during 2017/18 so that the funds can begin transferring assets by the DCLG deadline of 1 April 2018. Individual funds will continue to set their own investment strategies and asset allocations in accordance with their funding positions and liability profiles.

In order to participate fully in the pooling arrangements, the City of Cardiff Council established its Pensions Committee in June 2016 and the Committee met four times during the year. The Committee has strategic oversight of the Fund and is responsible for reviewing the Fund's policy statements. Operational management of the Fund continues to be delegated to the Corporate Director Resources. The Chair of the Committee will be the Council's representative on the Joint Governance Committee for the Wales Pool.

The Fund's key objectives continue to be to deliver an effective and efficient service to the 39,000 contributing employees, pensioners and deferred members, and to minimise the financial burden on contributing employers over the long term.

Christine Salter
Corporate Director Resources
June 2017

Actuarial Statement

Cardiff and Vale of Glamorgan Pension Fund

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon Hewitt Limited, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2016 showed that the funding ratio of the Fund had increased since the previous valuation, with the market value of the Fund's assets as at 31 March 2016 (of £1,653.0M) covering 85% of the liabilities allowing, in the case of pre-1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions to be paid to the Fund by participating employers with effect from 1 April 2017 was:
 - 16.6% of pensionable pay. This was the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date, (the primary rate)

Plus

- Contributions to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 20 years from 1 April 2017 (the secondary rate), equivalent to 6.4% of pensionable pay (or £17.4M in 2017/18, and increasing by 3.0% p.a. thereafter), before any phasing in or 'stepping' of contribution increases.

This would imply an average employer contribution rate of about 23.0% of pensionable pay in total, if the membership remains broadly stable and payroll increases by 2.8% p.a.

3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon Hewitt's report dated 31 March 2017 (the actuarial valuation report). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
4. The funding plan adopted in assessing the contributions for each individual employer or group was in accordance with the Funding Strategy Statement in force at that time. The approach adopted, and the recovery period used for each employer, was agreed with the administering authority reflecting the employers' circumstances.
5. The actuarial valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled Bodies	4.6% p.a.
Admission Bodies	4.6% p.a.
Discount rate for periods after leaving service	
Scheduled Bodies	4.6% p.a.
Admission Bodies	2.5% p.a.
Rate of pay increases	3.0% p.a.
Rate of increase to pension accounts	2.0% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% p.a.

Cardiff and Vale of Glamorgan Pension Fund

In addition, the discount rate for orphaned liabilities (i.e. employers with no active members and where there is no scheme employer responsible for funding the non-active liabilities) was 2.1% p.a. in-service and left-service.

The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2N mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) 2014 Core Projections with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting assumed life expectancies at age 65 were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.9	25.6
Future pensioners aged 45 at the valuation date	23.9	27.0

The assets were valued at market value.

Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
7. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This statement has been prepared by the Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of City and County of Cardiff. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, City and County of Cardiff, in respect of this statement.

9. The report on the actuarial valuation as at 31 March 2016 is available on the Fund's website at the following address:

<https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Pensions/Documents/Actuarial%20valuation%20as%20at%2031%20March%202016%20%28Final%29.pdf>

Aon Hewitt Limited

May 2017

Cardiff and Vale of Glamorgan Pension Fund

FUND ACCOUNT FOR YEAR ENDED 31 MARCH 2017

2015/16 Restated £000		2016/17 £000
	CONTRIBUTIONS AND BENEFITS	
	Contributions receivable	
60,370	from employers (note 5)	61,674
16,360	from employees (note 5)	16,862
5,034	Transfers in	3,241
2,134	Other Income (Capitalised Payments and interest on deficit funding)	1,460
83,898		83,237
	Benefits Payable	
(59,118)	Pensions (note 6)	(60,659)
(16,910)	Lump Sums (note 6)	(13,468)
	Payments to and on account of leavers	
(136)	Refunds of contributions	(117)
(8,220)	Transfers out	(4,807)
(84,384)		(79,051)
(486)	Net Additions/(Withdrawals) from dealings with Members of the Fund	4,186
	RETURNS ON INVESTMENT	
18,176	Investment Income (note 9)	19,115
(31,716)	Change in market value of investments (note 10)	338,888
(12,520)	Management expenses (note 8)	(13,370)
(26,060)	Net Returns on Investments	344,633
(26,546)	Net Increase/(Decrease) in the Fund During Year	348,819
1,679,405	Opening Net Assets of the Scheme	1,652,859
1,652,859	Closing Net Assets of the Scheme	2,001,678

Cardiff and Vale of Glamorgan Pension Fund

NET ASSET STATEMENT AS AT 31 MARCH 2017

2015/16 Restated £000		2016/17 £000
1,599,878	Investments at market value (note 10)	1,937,128
29,002	Cash & investment proceeds due (note 10)	44,861
1,628,880		1,981,989
	Current assets	
128	UK & Overseas Tax	147
4,533	Contributions due from Employers and deficit funding	4,588
602	Sundry Debtors (note 14)	986
2,886	Pension Strain costs due within one year	1,806
8,149		7,527
	Non-current assets	
13,386	Deficit funding (former employers)	11,154
4,891	Pension strain costs due after one year	3,222
18,277		14,376
	Current liabilities	
(1,536)	Unpaid Benefits	(1,053)
(911)	Sundry Creditors (note 14)	(1,161)
(2,447)		(2,214)
1,652,859	Net Assets of the Scheme	2,001,678

NOTES TO THE ACCOUNTS

1. The Statement of Accounts summarises the transactions and net assets of the Pension Fund for the financial year 2016/17. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, 2016/17 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the administering Authority. They do not take account of obligations to pay pensions and benefits which fall due after the year end. Under IAS26 the Fund is required to disclose the "actuarial present value of the promised retirement benefits". This figure has been calculated by the Actuary as at 31 March 2016 as £2,273.6 million, with a comparator value as at the 31 March 2013 valuation of £2,028.8 million.

The actuarial position is summarised in the Actuarial Statement which is included on pages 104 and 105. This shows that the overall funding level as at 31 March 2016 is 85%.

2. Accounting Policies

(a) Basis of Preparation

Bond and dividend income has been taken into account on the contractual payment date. Property and private equity income is credited on receipt. The Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme. All other income and expenditure has been accounted for on an accruals basis, except the liability to pay pensions and other benefits in the future. As per IAS 26, a disclosure has been made of the Fund's pension liability i.e. the actuarial present value of promised retirement benefits

(b) Valuation of Investments

Quoted bond and equity investments are valued at bid market value at close of business on the last working day in March 2017 (bid market value is the price at which an investment can be sold at a given date). Private Equity Fund investments are valued at fair value, as determined by the administrators of the Fund, based on valuations provided by the general partners of the underlying investments. Where this is a publicly traded investment the valuation is based upon the closing market prices at the balance sheet date of the Fund. If the investment is not publicly traded, the general partner will consider the operational results of the company or any recent transactions in the company. If the company's year end does not coincide with the Pension Fund's year end, the valuation is updated with regard to the calls and distributions made between the Private Equity Fund's audited account date and the Pension Fund's year end. Pooled vehicles are normally valued at bid prices where available. Overseas investments have been converted at WM/Reuters closing spot rates of exchange. Official SETS prices have been used for FTSE100 securities (plus the reserve list). Derivatives are stated at market value. The value of futures contracts is determined using exchange prices at the reporting date. The future value of forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

(c) Critical judgements in applying accounting policies

Unquoted private equity investments - These are inherently based on forward looking estimates and judgements valued by the investment managers using two main sets of valuation guidelines that apply to private equity; the Private Equity Valuation Guidelines (PEVG) in the US and the International Private Equity and Venture Capital Valuation Guidelines (IPEVCG) outside the US. The value of unquoted private equities at 31 March 2017 was £88 million (£83 million at 31 March 2016).

Pension fund liability - This is calculated by the actuary every three years with an annual statement in the intervening years. This is calculated in accordance with IAS19 and the main assumptions used in the calculation are summarised in the actuary's statement on page 104 and 105. This estimate is based on significant variances based on changes to the underlying assumptions.

(d) Assumptions made about the future and other major sources of estimation uncertainty.
 The Statement of Accounts contains estimated figures based on assumptions made taking into account historical experience, current trends and other factors. As balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.
Private Equity Valuations	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £88 million. There is a risk that this investment may be under, or overstated in the accounts.

(e) Acquisition costs of Investments

Acquisition costs are included with the original book cost at the time of purchase. At the year end, however, investments on the balance sheet are valued at market value. The difference is recorded in the Accounts as “Change in Market Value of Investments”.

3. Taxation

(a) UK Income, Capital Gains Taxes

The Fund is an exempt approved fund able to recover UK income tax. No Capital Gains Tax is chargeable.

(b) Value Added Tax

The accounts are shown exclusive of VAT. As the County Council is the administering Authority, VAT is recoverable on all Fund activities.

(c) Overseas Withholding Tax

Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income.

4. Titles of Ownership

Evidences of ownership for the property unit trusts and private equity holdings are held at County Hall. All other evidences of ownership were held at 31 March 2017 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

Cardiff and Vale of Glamorgan Pension Fund

5. Employing Bodies – Contributions

2016/17	No. of contributors at 31.03.17	Contribution rates (% of pensionable pay)	Employers £000	Employees £000	Total £000	Additional lump sum (memo) £000
SCHEDULED BODIES:						
Barry Town Council	18	27.0%	84	20	104	0
Cardiff and Vale College	415	13.6%	1,343	519	1,862	238
Cardiff City Transport	21	25.4%	661	48	709	480
City of Cardiff Council	9,271	22.9%	36,470	9,950	46,420	0
Cardiff Metropolitan University	756	13.6%	3,437	1,454	4,891	527
Cowbridge Town Council	4	27.0%	160	43	203	0
Dinas Powys Community Council	1	27.0%	7	2	9	0
Lisvane Community Council	1	27.0%	3	1	4	0
Llantwit Major Town Council	5	27.0%	20	5	25	0
Penarth Town Council	14	27.0%	101	21	122	0
Penllyn Community Council	1	27.0%	1	0	1	0
Pentyrch Community Council	3	27.0%	3	1	4	0
Public Services Ombudsman for Wales	1	32.3%	294	4	298	279
Radyr & Morganstown Community Council	0	27.0%	4	1	5	0
St Davids Sixth Form College	37	13.6%	125	52	177	14
Stanwell School	79	16.4%	178	59	237	13
Vale Of Glamorgan Council	3,702	22.7%	13,211	3,672	16,883	0
Wenvoe Community Council	1	27.0%	3	1	4	0
Sub-total	14,330		56,105	15,853	71,958	
ADMITTED BODIES:						
Adult Learning Wales (formerly Workers Education Association)	50	22.3%	268	77	345	6
APP Clean UK	3	21.5%	5	1	6	0
Cardiff Business Technology Centre	6	28.7%	32	7	39	0
Cardiff University	47	27.3%	1,637	78	1,715	1,300
Careers Wales (Cardiff & Vale)	75	18.1%	378	136	514	0
Children In Wales	33	27.3%	219	48	267	0
Colleges Wales	6	19.8%	56	23	79	0
Design Commission for Wales	4	20.3%	36	14	50	0
Glen Cleaning	3	27.0%	8	1	9	0
GLL	288	18.0%	221	75	296	0
Mirus Wales	6	23.4%	289	23	312	231
National Trust	8	20.7%	27	8	35	0
One Voice	2	19.4%	26	8	34	9

Cardiff and Vale of Glamorgan Pension Fund

Play Wales	5	24.0%	60	14	74	13
Royal National Eisteddfod	16	25.5%	160	38	198	32
Sport Wales	137	20.2%	1,546	307	1,853	670
Supacleen	1	22.9%	1	0	1	0
Wales & West Housing	1	20.6%	137	16	153	109
Welsh Council For Voluntary Action	69	21.4%	463	135	598	42
Sub-total	760		5,569	1,009	6,578	
Total	15,090		61,674	16,862	78,536	

Additional deficit funding

There was no additional deficit funding in 2016/17.

Comparative note for 2015/16

2015/16	No. of contributors at 31.03.16	Contribution rates (% of pensionable pay)	Employers	Employees	Total	Additional lump sum (memo)
			£000	£000	£000	£000
SCHEDULED BODIES:						
Barry Town Council	13	27.0%	75	18	93	0
Cardiff and Vale College	374	13.6%	1,293	484	1,777	260
Cardiff City Transport	27	25.4%	689	55	744	480
City of Cardiff Council	9,987	22.9%	35,625	9,714	45,339	0
Cardiff Metropolitan University	743	13.6%	3,299	1,390	4,689	527
Cowbridge Town Council	4	27.0%	18	4	22	0
Dinas Powys Community Council	1	27.0%	7	2	9	0
Lisvane Community Council	1	27.0%	3	1	4	0
Llantwit Major Town Council	4	27.0%	18	4	22	0
Penarth Town Council	14	27.0%	78	18	96	0
Penllyn Community Council	1	27.0%	1	0	1	0
Public Services Ombudsman for Wales	1	32.3%	290	6	296	266
Radyr & Morganstown Community Council	1	27.0%	7	1	8	0
St Davids Sixth Form College	39	13.6%	126	51	177	14
Stanwell School	78	16.4%	171	56	227	13
Vale Of Glamorgan Council	3,317	22.7%	13,258	3,672	16,930	0
Wenvoe Community Council	1	27.0%	2	0	2	0
Sub-total	14,606		54,960	15,476	70,436	
ADMITTED BODIES:						
APP Clean UK	5	21.5%	6	2	8	0
Cardiff Business Technology Centre	4	28.7%	22	5	27	0
Cardiff Gypsy & Traveller Project	0	23.4%	1	0	1	0

Cardiff and Vale of Glamorgan Pension Fund

Cardiff Institute For The Blind	2	20.6%	68	3	71	59
Cardiff University	54	27.3%	1,654	82	1,736	1,300
Careers Wales (Cardiff & Vale)	78	18.1%	389	138	527	0
Children In Wales	25	27.3%	153	36	189	0
Civic Trust For Wales	0	23.4%	8	0	8	8
Colleges Wales	6	19.8%	57	19	76	9
Design Commission for Wales	4	20.3%	34	13	47	0
Mirus Wales	6	23.4%	58	22	80	0
National Trust	9	20.7%	34	10	44	0
One Voice	2	19.4%	23	7	30	6
Play Wales	6	24.0%	54	14	68	8
Royal National Eisteddfod	13	25.5%	150	36	186	32
Sport Wales	129	20.2%	1,866	281	2,147	1,050
Wales & West Housing	1	20.6%	133	15	148	105
Welsh Council For Voluntary Action	59	21.4%	455	131	586	36
Workers Education Association	52	22.3%	245	70	315	6
Sub-total	455		5,410	884	6,294	
Total	15,061		60,370	16,360	76,730	

Additional deficit funding

There was no additional deficit funding in 2015/16.

Cardiff and Vale of Glamorgan Pension Fund

6. Employing Bodies - Benefits Paid

2016/17	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
SCHEDULED BODIES:				
Barry Town Council	102	0	0	0
Cardiff City Transport	2,284	438	45	0
City of Cardiff Council	38,977	6,037	1,209	314
Cardiff and Vale College	622	227	0	22
Cardiff Metropolitan University	1,718	161	412	0
Cowbridge Town Council	15	0	0	0
Dinas Powys Town Council	8	0	0	0
Llantwit Major Town Council	18	0	0	0
Mary Immaculate High School	8	0	0	0
Penarth Town Council	61	16	0	0
Public Services Ombudsman for Wales	18	0	0	0
Royal Welsh College of Music & Drama	77	0	0	0
S Wales Magistrates Courts	486	398	0	0
St Cyres School	55	10	0	0
St Davids Sixth Form Coll	70	19	0	0
Stanwell School	65	40	0	0
Vale of Glamorgan Council	11,559	2,625	607	85
Sub-total	56,143	9,971	2,273	421
ADMITTED BODIES:				
Adult Learning Wales (formerly Workers Education Association)	38	36	0	0
Barry College	3	3	0	0
Cardiff Bay Arts Trust	12	0	0	0
Cardiff Bay Devt Corp	499	5	106	0
Cardiff Business Technology Centre	13	0	0	0
Cardiff & Co	15	0	0	0
Cardiff Gypsy & Traveller Project	13	0	0	0
Cardiff Institute for Blind	67	0	2	0
Cardiff University	1,036	158	0	0
Careers Wales (Cardiff & Vale)	351	2	0	0
Catholic Children's Society	2	0	0	0
Channel View Centre	5	0	0	0
Children in Wales	28	43	0	0
Citizens Advice Bureau (Cardiff)	13	0	0	0
Citizens Advice Bureau (Vale)	12	0	0	0
Civic Trust for Wales	18	0	0	0
Colleges Wales	0	0	0	0
Community Relations	1	0	0	0

Cardiff and Vale of Glamorgan Pension Fund

Council For Admin In Wales	212	0	0	0
Design Commission for Wales	3	0	0	0
Dimensions	8	0	0	0
Fforwm	75	0	0	0
Glam & Gwent Hsg Assoc	59	45	0	0
Higher Ed Development Wales	3	0	0	0
Housing for Wales	216	46	0	0
Intervol	22	0	0	0
Land Authority for Wales	332	22	0	0
Memorial Hall	12	0	0	0
Mirus Wales (Opportunity Housing Trust)	20	0	0	0
National Eisteddfod	63	0	13	0
National Trust	19	0	0	0
New Theatre	5	0	0	0
Play Wales	20	0	0	0
Porthcawl Holiday Home	62	0	0	0
S E Wales Com Trust	7	0	0	0
Sport Wales	862	103	104	0
STAR	7	0	0	0
Wales & West Housing	126	50	0	0
Wales Youth Agency	56	0	0	0
Welsh Council for Voluntary Action	201	26	39	0
Sub-total	4,516	539	264	0
TOTAL	60,659	10,510	2,537	421

Cardiff and Vale of Glamorgan Pension Fund

Comparative note for 2015/16

2015/16	Retirement Pensions £000	Lump Sums on Retirement £000	Death Grants £000	Commutation Payments £000
SCHEDULED BODIES:				
Barry Town Council	84	160	0	0
Cardiff City Transport	2,307	224	0	11
City of Cardiff Council	38,348	7,735	1,220	395
Cardiff and Vale College	640	213	55	2
Cardiff Metropolitan University	1,549	1,124	85	18
Cowbridge Town Council	11	10	0	0
Dinas Powys Town Council	9	0	0	0
Llantwit Major Town Council	18	0	0	0
Mary Immaculate High School	8	0	0	0
Penarth Town Council	43	114	0	0
Probation Service	39	0	0	0
Public Services Ombudsman for Wales	227	35	0	0
Royal Welsh College of Music & Drama	77	0	0	0
S Wales Magistrates Courts	373	173	1	23
St Cyres School	48	16	56	0
St Davids Sixth Form Coll	69	23	0	0
Stanwell School	57	37	0	0
Vale of Glamorgan Council	10,979	4,028	37	99
Sub-total	54,886	13,892	1,454	548
ADMITTED BODIES:				
Cardiff Bay Arts Trust	11	3	0	0
Cardiff Bay Devt Corp	502	46	0	0
Cardiff Business Technology Centre	13	0	0	0
Cardiff Gypsy & Traveller Project	11	0	0	0
Cardiff Institute for Blind	71	0	0	0
Cardiff University	1,076	211	0	(9)
Careers Wales (Cardiff & Vale)	348	136	65	0
Catholic Children's Society	2	0	0	0
Channel View Centre	5	0	0	0
Children in Wales	14	0	0	0
Citizens Advice Bureau (Cardiff)	13	0	0	0
Citizens Advice Bureau (Vale)	12	0	0	0
Civic Trust for Wales	18	0	0	0
Colleges Wales	74	0	0	0
Community Relations	2	2	0	0
Design Commission for Wales	3	0	0	0
Dimensions	10	0	0	0
Glam & Gwent Hsg Assoc	58	0	0	0

Cardiff and Vale of Glamorgan Pension Fund

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

7. Membership of the Fund

Fund membership at 31 March 2017 is as follows:

	2015/16	2016/17
Contributing Employers	36	37
Contributors	15,061	15,090
Pensioners	10,626	10,846
Deferred pensioners	12,308	12,697
TOTAL MEMBERSHIP	37,995	38,633

8. Management Expenses

Management Expenses fully charged to the Fund are:

	2015/16 £000	2016/17 £000
Administration Costs	912	945
Investment Management Expenses	11,484	12,297
Oversight & Governance Costs	124	128
TOTAL	12,520	13,370

9. Investment Income

	2015/16 £000	2016/17 £000
UK Fixed Interest Securities	5,098	5,325
Overseas Fixed Interest Securities	2,663	1,546
UK Equities & Private Equity Funds	3,209	3,808
Pooled investments	1,432	1,588
Overseas Equities (net of irrecoverable tax)	3,817	4,567

Cardiff and Vale of Glamorgan Pension Fund

Property Unit Trust Income	1,700	2,113
Interest on UK cash	132	76
Securities Lending	125	92
TOTAL	18,176	19,115

10. Investments at Market Value

2015/16 £000		2016/17 £000
	UK Fixed Interest:	
66,966	Public Sector	41,541
93,423	Other (Pooled)	140,330
160,389		181,871
	Overseas Fixed Interest:	
86,645	Public Sector (Pooled)	96,843
86,645		96,843
95,636	UK quoted Equities & Convertibles	116,358
161,746	Foreign quoted Equities	212,725
257,382		329,083
118,632	UK & Global Property (Pooled)	126,298
83,101	Private Equity	88,328
	Pooled Funds	
470,172	UK	562,509
423,557	Overseas	552,195
893,729		1,114,704
(2,273)	Derivatives: Forward Currency contracts	933
(2,273)		933
	Cash:	
24,267	UK	22,863
5,059	Overseas	19,073
1,949	Net investment proceeds due	1,993
31,275		43,929
1,628,880	TOTAL	1,981,989

Cardiff and Vale of Glamorgan Pension Fund

2016/17	Value at 31/03/16	Purchase at cost	Sale Proceeds	Change in Market Value	Value at 31/03/17
	£000's	£000's	£000's	£000's	£000's
Fixed Interest Securities	247,034	224,136	(210,599)	18,143	278,714
Equities	257,382	73,299	(81,827)	80,229	329,083
Pooled Funds	893,729	144,934	(243,495)	319,537	1,114,705
Property unit trusts	118,632	763	0	6,903	126,298
Private equity	83,101	2,735	(24,619)	27,111	88,328
Sub total	1,599,878	445,867	(560,540)	451,923	1,937,128
Forward Currency	(2,273)	2,573,915	(2,546,860)	(23,849)	933
Futures	0	0	0	0	0
Total Derivatives	(2,273)	2,573,915	(2,546,860)	(23,849)	933
Debtors	1,949				1,993
Creditors	0				0
Managers' Cash	5,004				11,698
Internal Cash	24,267				22,863
Currency Overlay	55				7,374
Total Cash	31,275			(89,186)	43,928
Total Cash and Investment Proceeds Due	29,002			(113,035)	44,861
Total	1,628,880			(338,888)	1,981,989

Comparative data for 2015/16:

2015/16	Value at 31/03/15	Purchase at cost	Sale Proceeds	Change in Market Value	Value at 31/03/16
	£000's	£000's	£000's	£000's	£000's
Fixed Interest Securities	245,090	101,156	(98,590)	(622)	247,034
Equities	276,564	63,341	(55,312)	(27,211)	257,382
Pooled Funds	907,792	878	0	(14,941)	893,729
Property unit trusts	99,211	10,305	0	9,116	118,632
Private equity	87,433	3,269	(24,085)	16,484	83,101
Sub total	1,616,090	178,949	(177,987)	(17,174)	1,599,878
Forward Currency	(2,209)	2,709,754	(2,695,045)	(14,773)	(2,273)
Futures	0	0	0	0	0
Total Derivatives	(2,209)	2,709,754	(2,695,045)	(14,773)	(2,273)
Debtors	1,742				1,949
Creditors	(141)				0
Managers' Cash	7,700				5,004
Internal Cash	24,110				24,267
Currency Overlay	5,859				55
Total Cash	39,270			(231)	31,275
Total Cash and Investment Proceeds Due	37,061			(14,542)	29,002
Total	1,653,151			(31,716)	1,628,880

Analysis of derivatives

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. The use of derivatives is managed in line with the investment management agreement between the fund and the various investment managers.

Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a proportion of the fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the fund has a currency management overlay in place managed by Mesirow, which hedges significant long term currency movements to limit losses. The portfolio covers US dollars, Yen and Euro currencies.

11. Summary of Manager's Portfolio Values at 31 March 2017

	£000	% of Fund
Aberdeen Asset Management	279,696	14.1
Aberdeen Emerging Markets	74,215	3.7
Blackrock Investment Management	626,980	31.6
Invesco Perpetual	101,741	5.1
J P Morgan	81,838	4.1
Majedie	123,283	6.2
Nikko	113,335	5.7
Schroder Investment Managers	105,524	5.3
State Street Global Advisers	229,929	11.6
Property	126,298	6.4
Private Equity Managers	88,328	4.5
Mesirow currency overlay & cash with custodian	7,960	0.4
Internally managed (Cash)	22,862	1.2
Total	1,981,989	100

Cardiff and Vale of Glamorgan Pension Fund

12. Financial Instruments

a) Classification of financial instruments

31/03/2016				31/03/2017		
Fair Value through profit and loss £000	Loans and Receivables £000	Financial Liabilities at Amortised Costs £000		Fair Value through profit and loss £000	Loans and Receivables £000	Financial Liabilities at Amortised Costs £000
			Financial assets			
247,034	0	0	Fixed Interest Securities	278,714	0	0
257,382	0	0	Equities	329,083	0	0
893,729	0	0	Pooled Funds	1,114,705	0	0
118,632	0	0	Property Unit Trusts	126,298	0	0
83,101	0	0	Private Equity	88,328	0	0
168,982	0	0	Derivatives	158,033	0	0
0	29,326	0	Cash	0	41,935	0
1,949	0	0	Other Investments	1,993	0	0
0	26,426	0	Debtors	0	21,903	0
1,770,809	55,752	0		2,097,154	63,838	0
			Financial liabilities			
(171,255)	0	0	Derivatives	(158,033)	0	0
0	0	0	Other Investments	0	0	0
0	0	(1,812)	Creditors	0	0	(2,214)
0	0	0	Borrowings	0	0	0
(171,255)	0	(1,812)		(158,033)	0	(2,214)
1,599,554	55,752	(1,812)		1,939,121	63,838	(2,214)

b) Net gains and losses on financial instruments

31/03/2016 £000		31/03/2017 £000
	Financial Assets	
(21,259)	Fair value through profit and loss	350,452
0	Loans and receivables	0
	Financial liabilities	
(12,630)	Fair value through profit and loss	(13,222)
2,173	Loans and receivables	(402)
(31,716)	Total	338,888

c) Valuation of financial instruments carried at fair value

Level 1 - Quoted prices for similar instruments. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2 - Directly observable market inputs other than Level 1 inputs. Where an instrument is traded in a market which is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Cardiff and Vale of Glamorgan Pension Fund

Level 3 - Inputs not based on observable market data. The values of investment in private equity are based on valuations provided by the general partners to the private equity funds. If the company's year end does not coincide with the Pension Fund's year end, the valuation is updated with regard to the calls and distributions made between the Private Equity Fund's audited account date and the Pension Fund's year end.

Values as at 31 March 2017	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets				
Financial assets at fair value	837,726	884,776	374,652	2,097,154
Loans and receivables	63,838	0	0	63,838
Total financial assets	901,564	884,776	374,652	2,160,992
Financial liabilities				
Financial liabilities at fair value	0	0	(158,033)	(158,033)
Financial liabilities at amortised cost	(2,214)	0	0	(2,214)
Total financial liabilities	(2,214)	0	(158,033)	(160,247)
Net financial assets	899,350	884,776	216,619	2,000,745

13. Nature and extent of risks arising from financial instruments

The fund maintains positions in a variety of instruments, as dictated by the Statement of Investment principles (SIP), and is consequently exposed to credit and liquidity risk, as well as market risk including foreign exchange and interest rate risks.

The Fund's primary long-term risk is that the fund's assets will fall short of its liabilities and will be unable to pay the promised benefits to members. The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows.

The management of risk is a key objective of the Pension Fund. A policy of diversification of its asset classes and investment managers helps the Pension fund to lower risk arising from financial instruments. Benchmarks for asset allocation and targets against which investment managers are expected to perform are further measures which are put in place in order to manage risk.

Market Risk

Market risk is the risk that the fair value or future cashflows of an institution will fluctuate because of a change in market price.

In order to manage risk, the Fund invests in a diversified pool of assets, split between a number of managers with different performance targets and investment strategies. In order to mitigate risk, the Fund regularly reviews the pension fund investment strategy together with regular monitoring of asset allocation and investment performance.

Interest rate risk is the risk to which the Pension Fund is exposed to fluctuations in interest rates and mainly relates to changes in bonds.

To mitigate the risk, the Fund holds a fixed interest portfolio managed by Aberdeen, the appointed active bond manager.

Cardiff and Vale of Glamorgan Pension Fund

Interest Rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. The analysis below shows the effect of a 100 basis point (1%) movement in interest rates on the net assets available to pay benefits

Asset Type	Carrying amount as at 31.03.2017	Change in year in the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash	44,861	449	(449)
Fixed interest securities	278,714	2,787	(2,787)
Total	323,575	3,236	(3,236)

2015/16 Comparative:

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

Currency risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates.

The Fund's Global Bonds and North American, European and Japanese Equities portfolios are covered by currency hedging arrangements. Fund managers will also take account of currency risk in their investment decisions.

Currency risk – sensitivity analysis

Following analysis of historical data, the fund's aggregate currency change has been calculated as 6.36%. A 6.36% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset value as at 31.03.2017	Change to net assets available to pay benefits	
		6.36%	6.36%
	£000	£000	£000
Overseas quoted securities	771,053	820,092	722,014
Total change in assets available	771,053	820,092	722,014

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

Cardiff and Vale of Glamorgan Pension Fund

Price risk is the risk of losses associated with the movement in prices of the underlying assets. By diversifying investments across asset classes and managers, the Pension Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst employing specialist managers enables the Fund to benefit from investment expertise.

Price risk sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of assets over the last three years, applied to the period end asset mix. The total volatility shown for Total Currency incorporates the impact of correlation across currencies, which dampens volatility, therefore the Value on Increase and Value on Decrease figures for the currencies will not sum to the total figure.

Asset type	Value as at 31.03.2017 £000	Percentage change %	Value on increase £000	Value on Decrease £000
Total Assets	1,981,989	7.34%	2,127,467	1,836,511
UK Equities	685,792	9.99%	754,303	617,281
Overseas Equities	771,053	10.05%	848,544	693,562
Total Bonds	279,696	4.74%	292,954	266,438
Cash	30,822	0.01%	30,825	30,819
Alternatives	88,328	2.12%	90,201	86,455
Property	126,298	3.18%	130,314	122,282

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

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The Fund reviews its exposure to credit and counterparty risk through its external investment managers. The Fund is also exposed to credit risk through its securities lending programme. This is run by the Fund's custodian, Northern Trust who manages and monitors the counterparty risk, collateral risk and the overall lending programme.

The Pension Fund's bank account is held with the Lloyds bank. Surplus cash is not invested with Lloyds but is placed with a selection of AAA Money Market institutions. The Fund's cash holding under its treasury management arrangements as at 31.03.2017 was £22.2 million (£24.8 million at 31.03.2016). This was held with the following institutions:

Cardiff and Vale of Glamorgan Pension Fund

	Rating	Balance at 31.03.2016 £000	Balance at 31.03.2017 £000
Money market funds			
Ignis	AAA	12,000	12,000
Deutsche	AAA	920	0
Blackrock	AAA	11,950	10,170
Bank current account			
Lloyds Bank	A	(80)	74
Total		24,790	22,244

Liquidity Risk

Liquidity risk represents the possibility that the Fund may not have funds available to meet its financial obligations. The current position of the fund is that it is cash positive, which reflects the fact that contributions into the Fund exceed benefits being paid out. The Pension Fund's cash is kept in a separate bank account and the cash position is monitored on a daily basis. Surplus funds are deposited in money market funds on a short term basis. At an investment level, the Funds' investments are substantially made up of listed securities which are considered readily realisable.

14. Sundry Debtors & Creditors

	2015/16 £000	2016/17 £000
Debtors		
Pensions Administration	0	0
Miscellaneous	602	986
	602	986
Creditors		
Management & Custody Fees	(911)	(1,161)
Miscellaneous	0	0
	(911)	(1,161)
Total	(309)	(175)

15. Additional Voluntary Contributions

Scheme members may elect to make additional voluntary contributions to enhance their pension benefits. Contributions are made directly from scheme members to the AVC provider and are therefore not represented in these accounts.

The amount of AVC contributions paid during the year amounted to £508,000 and the market value of separately invested AVC's as at 31 March 2017 was £3.620 million.

16. Commitments

As at 31 March 2017 the Fund had outstanding private equity commitments of a maximum of £43.62 million (£38.64 million at 31 March 2016).

As at 31 March 2017 the Fund had forward currency contracts amounting to £158.968 million of purchases and £158.033 million of sales, showing an unrealised gain of £935,000.

17. Securities Lending

At the year end the value of quoted equities on loan was £44.66 million (£40.42 million at March 2016) in exchange for which the custodian held collateral of £48.26 million (£42.54 million at March 2016). For the year ending 31 March 2017, the Fund received income of £93,000 from the lending of stock.

18. Contingent Liabilities

The Fund has no contingent liabilities.

19. Related Party Transactions

The relationship between the employers and the Pension Fund is, by its very nature, close, therefore, each participating employer is considered a related party as shown in notes 5 and 6.

Other related party transactions with the Council are:

- Cash invested internally by the Council (for working capital purposes) - see note 9;
- Administration expenses charged to the Fund by the Council are shown in note 8.
- Paragraph 3.9.4.3 of the Code of Practice exempts local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances is detailed in section 3.4 of the Code and can be found in the main accounts of The County Council of the City and County of Cardiff.

20. Post Balance Sheet Events

There are no post balance sheet events to report.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2016/17 Code that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of The County Council of the City and County of Cardiff and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus). At the point of drafting these accounts, the accounts for Cardiff Bus had not been audited and, therefore, the draft figures have been consolidated within the Group Accounts.

The Council has interests in two other subsidiaries: Cardiff Business Technology Centre (CBTC) and Cardiff Business Council. In addition, the Council had an interest in the Cardiff Medicentre Joint Venture during 2015/16, however this interest had been sold as at 31 March 2016. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these organisations for statutory service provision and it is not considered that they expose the Council to a material level of commercial risk. Therefore they have been excluded from the consolidation in 2016/17. Details of the Council's interests in these organisations are included in note 25 to the Core Financial Statements.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP ACCOUNTS

Basis of Consolidation

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Cardiff City Transport Services Ltd. Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

Accounting policies

The financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies on pages 19 to 34 with the following additions and exceptions:

1. Retirement Benefits

Cardiff City Transport Services Ltd. operates two defined benefit funded pension schemes which it accounts for in accordance with IAS19. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies consistent with those of the Council have been adopted although the financial assumptions used may differ. Both these schemes are now closed to new members. The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

2. Value Added Tax

VAT paid by other group entities is accounted for in the Group Comprehensive Income and Expenditure Statement to the extent that it is irrecoverable from HM Revenue and Customs.

3. Goodwill

The Council's interest in its subsidiary dates back to its inception and therefore there is no goodwill to be accounted for.

4. Charges to Income and Expenditure for Non-Current Assets

A charge is made from the revaluation reserve of the subsidiary company to the group income and expenditure reserve for the difference between depreciation charged on the current value of non-current assets held by the subsidiary and what would have been the historical cost depreciation for the year.

5. Derivatives Financial Instruments

Cardiff Bus is exposed to price risk arising from fluctuations in oil prices and the company enters into energy hedges to fix the price of fuel. In the opinion of the Board of Directors there is no material exposure to price risk. The company does not hold derivatives for speculative purposes.

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THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

2015/16				Note	2016/17		
Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000			Gross Expenditure £000	Gross Income £000	2016/17 Net Expenditure £000
177,001	(96,094)	80,907	City Operations		130,583	(74,992)	55,591
238,155	(186,010)	52,145	Communities, Housing & Customer Services		239,620	(189,528)	50,092
11,210	(1,432)	9,778	Corporate Management		6,762	(469)	6,293
31,017	(27,258)	3,759	Economic Development		64,316	(44,397)	19,919
333,158	(97,545)	235,613	Education & Lifelong Learning		348,099	(100,633)	247,466
6,388	(1,822)	4,566	Governance & Legal Services		6,911	(2,555)	4,356
9,836	(6,816)	3,020	Harbour Authority		9,085	(6,537)	2,548
161,726	(67,729)	93,997	Housing Revenue Account		50,009	(69,938)	(19,929)
36,850	(16,316)	20,534	Resources		28,636	(9,195)	19,441
163,552	(19,303)	144,249	Social Services		180,301	(26,414)	153,887
1,027	(2,026)	(999)	Summary Revenue Account		1,547	(5,078)	(3,531)
187,392	0	187,392	Exceptional Item	6	0	0	0
1,357,312	(522,351)	834,961	Net Cost of Services		1,065,869	(529,736)	536,133
27,880	0	27,880	South Wales Police Authority Precept		29,367	0	29,367
290	0	290	Community Council Precepts		296	0	296
16,798	0	16,798	Levies & Contributions		17,034	0	17,034
10,618	(11,814)	(1,196)	(Gain)/loss on sale of non-current assets		32,221	(9,060)	23,161
55,586	(11,814)	43,772	Other Operating Expenditure		78,918	(9,060)	69,858
32,318	0	32,318	Interest Payable on debt		32,433	0	32,433
16	0	16	Interest element of finance leases	4	0	0	0
16,756	0	16,756	Interest on net defined liability/(asset)		18,113	0	18,113
0	(1,035)	(1,035)	Interest & Investment Income			(986)	(986)
1,092	(1,282)	(190)	Other Investment Income				0

Group Accounts

488	0	488	Change in fair value of Investment Properties	9,105	(18,805)	(9,700)
50,670	(2,317)	48,353	Financing and Investment Income & Expenditure	59,651	(19,791)	39,860
0	(25,304)	(25,304)	Recognised Capital Grants & Contributions	0	(41,191)	(41,191)
0	(322,851)	(322,851)	Revenue Support Grant	0	(320,309)	(320,309)
0	(101,253)	(101,253)	Non-Domestic Rates	0	(105,994)	(105,994)
1,834	(175,121)	(173,287)	Council Tax Income	2,063	(182,502)	(180,439)
0	(3,344)	(3,344)	Other Central Grants	0	0	0
1,834	(627,873)	(626,039)	Taxation & Non-Specific Grant Income	2,063	(649,996)	(647,933)
65	0	65	Tax expenses - Corporation Tax payable		0	0
1,465,467	(1,164,355)	301,112	(Surplus)/Deficit on Provision of Services	1,206,501	(1,208,583)	(2,082)
		(134,348)	Revaluation Gains			(26,098)
		73,310	Revaluation Losses			10,169
		591	Impairment losses on non-current assets charged to the Revaluation Reserve			784
		(39)	(Surplus)/Deficit on revaluation of available for sale financial assets			81
		(12,346)	Actuarial gains/losses on pension assets/liabilities			16,050
		(1,000)	Share of other comprehensive income & expenditure of subsidiaries			1,486
		(73,832)	Other Comprehensive Income & Expenditure			2,472
		227,280	Total Comprehensive Income & Expenditure			390

Group Accounts

GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Council Fund Balance £000	Council Fund Earmarked Reserves £000	HRA Balance £000	HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves Restated £000	Unusable Reserves Council £000	Unusable Reserves - Group Entities £000	Total Authority Reserves £000
Balance at 31 March 2015 carried forward Restated	13,154	34,413	8,438	238	1,336	57,579	805,595	6,125	869,299
<u>Movement in Reserves during 2015/16 (restated)</u>									
Surplus or (deficit) on the provision of Services	(19,108)	0	(282,297)	0	0	(301,405)	0	293	(301,112)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	72,832	1,000	73,832
Total Comprehensive Income and Expenditure	(19,108)	0	(282,297)	0	0	(301,405)	72,832	1,293	(227,280)
Adjustments between accounting basis & funding basis under regulations	39,022	0	283,013	0	4,087	326,122	(326,122)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	19,914	0	716	0	4,087	24,717	(253,290)	1,293	(227,280)
Transfers to/(from) Earmarked Reserves	(17,813)	17,813	(716)	716	0	0	0	0	0

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Increase / (Decrease) in 2015/16	2,101	17,813	0	716	4,087	24,717	(253,290)	1,293	(227,280)
Balance at 31 March 2016 carried forward (restated)	15,255	52,226	8,438	954	5,423	82,296	552,305	7,418	642,019
<u>Movement in Reserves during 2016/17</u>									
Surplus or (deficit) on the provision of Services	(17,268)	0	19,029	0	0	1,761	0	321	2,082
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(986)	(1,486)	(2,472)
Total Comprehensive Income and Expenditure	(17,268)	0	19,029	0	0	1,761	(986)	(1,165)	(390)
Adjustments between accounting basis & funding basis under regulations	23,433	0	(15,897)	0	1,782	9,318	(9,318)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	6,165	0	3,132	0	1,782	11,079	(10,304)	(1,165)	(390)
Transfers to/(from) Earmarked Reserves	(7,165)	7,165	(3,132)	3,132	0	0	0	0	0
Increase / (Decrease) in 2016/17	(1,000)	7,165	0	3,132	1,782	11,079	(10,304)	(1,165)	(390)
Balance at 31 March 2017 carried forward	14,255	59,391	8,438	4,086	7,205	93,375	542,001	6,253	641,629

Group Accounts

GROUP BALANCE SHEET AS AT 31 MARCH 2017

31 March 2016 (Restated) £000		Note	31 March 2017 £000
	<u>Property Plant & Equipment:</u>	7	
529,464	Council Dwellings		537,862
749,507	Other Land and Buildings		747,007
31,857	Vehicles, Plant, Furniture & Equipment		31,442
298,598	Infrastructure		294,621
19,620	Community Assets		19,652
30,800	Assets under construction (AUC)		42,555
36,299	Surplus assets not held for sale		40,992
51,278	Heritage Assets		53,846
110,471	Investment Properties		132,241
3,426	Intangible Non-Current Assets including AUC		3,315
1,441	Long-term Investments		412
5,081	Long-term Debtors		5,616
675	Deferred tax asset		675
1,868,517	Total Long Term Assets		1,910,236
54,215	Short-term Investments		66,124
2,819	Assets held for Sale		80
2,398	Inventories		2,466
87,177	Short-term Debtors	9	84,524
22,360	Cash and Cash Equivalents		22,613
168,969	Total Current Assets		175,807
(17,148)	Short Term Borrowing		(14,972)
(87,623)	Short Term Creditors	11	(89,825)
(2,354)	Pension Strain		(1,414)
(11,536)	Provisions	12	(8,031)
(2,224)	Deferred Liabilities	13	(4,311)
(65)	Deferred tax liability		0
(120,950)	Total Current Liabilities		(118,553)
(658,408)	Long Term Borrowing		(668,028)
(29,063)	Provisions		(28,938)
(11,869)	Deferred Liabilities		(19,018)
(9,933)	Capital Contributions Receipts in Advance		(11,843)
(2,526)	Revenue Grants Receipts in Advance		(2,016)

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(1,791)	Capital Grants Receipts in Advance		(974)
(4,891)	Pensions Strain		(3,219)
(554,754)	Net Pensions Liability		(590,543)
(1,282)	Deferred tax liability		(1,282)
(1,274,517)	Total Long Term Liabilities		(1,325,861)
642,019	NET ASSETS		641,629
	Financed by:		
15,255	Council Fund Balance		14,255
52,226	Council Fund Earmarked Reserves		59,391
8,438	Housing Revenue Account Balance		8,438
954	Housing Revenue Account Earmarked Reserves		4,086
5,423	Capital Receipts Reserve		7,205
82,296	Usable Reserves		93,375
257,264	Revaluation Reserve		262,063
856,975	Capital Adjustment Account		876,075
2,049	Deferred Capital Receipts		2,038
4,656	Available for Sale Financial Instruments Reserve		4,574
(559,208)	Pensions Reserve		(597,671)
(6,289)	Accumulated Absences Adjustment Account		(8,252)
4,276	Reserves (Group Entities)		9,427
559,723	Unusable Reserves		548,254
642,019	TOTAL RESERVES		641,629

Group Accounts

GROUP CASH FLOW STATEMENT AS AT 31 MARCH 2017

2015/16 (Restated) £000		Note	2016/17 £000
301,112	Net (Surplus) /Deficit on the provision of services		(2,082)
(185,907)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	14	(98,531)
(179,093)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	14	48,261
(63,888)	Net cash flows from operating activities		(52,352)
(1,209)	Interest Received		(644)
30,050	Interest Paid		32,220
166	Finance lease interest paid		0
0	Dividends received		0
234	Taxation (group only)		65
(93,129)	Net cash flow from other operating activities		(83,993)
281,522	Investing activities		63,023
93,760	Purchase of property, plant and equipment, investment property and intangible assets		99,892
31,231	Purchase of short-term and long-term Investments		9,093
200,875	Other payments for investing activities		7,579
(9,814)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,009)
(31,744)	Capital Grants		(40,942)
(1,504)	Capital Contributions		(3,590)
(1,282)	Proceeds from short-term and long-term investments		0
(211,548)	Financing activities		(10,924)
(205,399)	Cash receipts from short-term and long-term borrowing		(14,645)
(13,454)	Other receipts from financing activities		(5,966)
1,313	Cash payments for the reduction of outstanding liabilities relating to finance leases		1,456
5,992	Repayments of short-term and long-term borrowing		8,231
0	Other payments for financing activities		0
6,086	Net (increase)/ decrease in cash and cash equivalents		(253)
28,446	Cash and cash equivalents at the beginning of the reporting period		22,360
22,360	Cash and cash equivalents at the end of the reporting period represented by:		22,613
233	Cash		223
15,513	Bank (including cheque book schools)		16,970
6,614	Short-term deposits with banks and building societies		5,420

Notes to Group Accounts

NOTES TO THE GROUP ACCOUNTS

The notes to the Council's Core Financial Statements as set out on pages 42 to 95 apply also to the Group Accounts with the following additions and exceptions:

1. Remuneration

(a) The number of employees of the Council and its subsidiary whose remuneration is over £60,000 per annum is disclosed below.

Remuneration band £	Number of Employees	
	2015/16	2016/17
60,000-64,999	46	43
65,000-69,999	44	43
70,000-74,999	14	8
75,000-79,999	5	11
80,000-84,999	10	13
85,000-89,999	3	1
90,000-94,999	3	4
95,000-99,999	3	1
100,000-104,999	1	1
105,000-109,999	2	2
110,000-114,999	1	2
115,000-119,999	1	2
120,000-124,999	8	5
125,000-129,999	1	0
130,000-134,999	0	2
135,000-139,999	0	1
140,000-144,999	0	0
145,000-149,999	1	0
150,000-154,999	0	0
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	0	0
170,000-174,999	2	1
175,000-179,999	0	0
180,000-184,999	0	0

Further information regarding the remuneration of directors and employees of Cardiff Bus is contained in the company's 2016/17 Financial Statements.

(b) The disclosure for Members allowances is the same as for the single entity accounts.

2. Related Parties Disclosures

Related party transactions and balances of the group are as contained in note 13 to the single entity financial statements.

3. External Audit Costs

In 2016/17 the following fees were paid by the Council and its subsidiary in respect of audit and inspection:

Notes to Group Accounts

	2015/16 £000	2016/17 £000
Fees payable to Wales Audit Office for external audit services	400	389
Fees payable to other external auditors in respect of external audit services	32	41
Fees payable to external auditors for the certification of grant claims and returns	84	88
Fees payable in respect of other services provided by external auditors	3	5
Total	519	523

4. Leasing

Finance Leases

Finance leases exist in respect of vehicles and equipment. The aggregate finance charges made during 2016/17 were as follows:

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

2015/16 £000		2016/17 £000
11,620	Vehicles, Plant, Furniture & Equipment	11,836

Obligations under finance leases:

2015/16 £000		2016/17 £000
1,238	Obligations payable within 1 year	1,465
4,679	Obligations payable between 2 and 5 years	4,783
573	Obligations payable after 5 years	214
6,490	Total liabilities as at 31 March	6,462

5. Pensions

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

	2015/16 £000	2016/17 £000
<i>Net Cost of Services</i>		
Past and current service cost and operating charge	44,407	44,188
<i>Net Operating Expenditure</i>		
Interest on net defined benefit liability/(asset)	16,993	18,195
Net charge to Group Income & Expenditure Account	61,400	62,383
Appropriation to/(from) Pensions Reserve to Council Fund Balance	(18,241)	(18,340)
Appropriation to/(from) Pensions Reserve to Profit and Loss Accounts of subsidiaries	340	458
Net charge to Council Fund Balance and Profit & Loss Accounts of Subsidiaries in respect of Pensions	43,499	44,501
Presented by:		
<i>Employers Contributions charged to Council Tax:</i>		
Employers Contributions Payable to the Scheme	(38,535)	(39,640)
Payments in Respect of Unfunded Pensions Liabilities	(3,310)	(3,230)

Notes to Group Accounts

<i>Employers Superannuation Contributions Made by Subsidiaries to Defined Benefit Schemes in the Year</i>	(1,654)	(1,631)
	(43,499)	(44,501)

Pensions Assets and Liabilities of Cardiff Bus

The disclosures that follow relate solely to the pensions' arrangements of Cardiff City Transport Services Ltd. and have been taken directly from the 2016/17 financial statements of Cardiff City Transport Services Ltd.

The company operates its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by the Cardiff City Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of triennial valuations. Since 1 August 2001, the Cardiff City Transport Services Limited Pension Scheme (final salary) has been closed to new members and a money purchase scheme has been introduced. This closed to new members in July 2013. The total cost charged in the profit and loss account for the money purchase scheme of £806,000 (£554,000 in 2015/16) represents contributions payable during the year. At 31 March 2017, contributions of £85,000 (£70,000 in 2015/16) due in respect of the current reporting period had not been paid over to the scheme.

Cardiff City Transport Services Limited Pension Scheme

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2)(a) of the Pensions Act 2004, was carried out as at 1 April 2012. For the purpose of the valuation of the defined benefit section, it was assumed that the investment return on assets prior to pension liabilities coming into payment will be 1.4% per annum higher than the rate of future annual wage and salary growth and 1.9% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 0.9% higher than the rate of future price inflation.

The valuation showed that the total market value of the scheme's assets, net of members' AVCs, was £30.0m and that this value represented 89% of the value of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in earnings and pensions.

The basic rate of company contributions required to meet the cost of defined benefits, without allowance for any recovery of deficit, was found to be 14.5% of members' pensionable pay from 1 April 2015. Employee contributions were payable in addition. For the majority of defined benefit section members, contributions were required at the rate of 5% of pensionable pay (a small number contribute at the lower rate of 4%).

Company and employee contributions for members of the defined contribution section are payable in accordance with the scheme rules.

An actuarial valuation was carried out on the Cardiff City Transport Services Limited Pension Scheme as at 31 March 2017 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2015	At 31 March 2016	At 31 March 2017
Rate of increase in salaries	3.5% pa	3.1% pa	3.3% pa
Discount rate	3.3% pa	3.5% pa	2.6% pa
Inflation Assumption (RPI)	3.0% pa	3.1% pa	3.3% pa
Inflation Assumption (CPI)	2.0% pa	2.1% pa	2.3% pa
Pension Increases (CPIS)	2.0% pa	2.1% pa	2.3% pa

Notes to Group Accounts

Mortality assumption

The mortality assumptions are based on SIPA tables, relevant to year of birth adjusted for medium cohort effects, rated up two years, subject to a 1% p.a. minimum improvement underpin. The assumptions are that a member aged 65 at the valuation date will live on average for a further 20.5 years if they are male and for a further 22.5 years if they are female. For a member who is 45 at the valuation date and retires at age 65, the assumptions are that they will live on average for a further 21.8 years after retirement if they are male and for a further 24.0 years after retirement if they are female.

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

The assets in the fund and expected rates of return were:	2014/15		2015/16		2016/17	
	Long-term expected return on assets	Fair Value £000	Long-term expected return on assets	Fair Value £000	Long-term expected return on assets	Fair Value £000
Equities	N/A	13,036	N/A	13,734	N/A	14,679
Diversified Growth	N/A	15,744	N/A	15,348	N/A	16,724
Convertible Bonds	N/A	3,990	N/A	3,759	N/A	4,001
Cash and LDI	N/A	25	N/A	83	N/A	2,414
		32,795		32,924		37,818

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

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Total market value of assets	32,795	32,924	37,818
Present value of scheme liabilities	(34,276)	(32,046)	(38,459)
Net IAS19 Scheme Deficit	(1,481)	878	(641)

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Analysis of amount charged to operating profit			
Current service cost and total operating charge	(588)	(669)	(589)
Analysis of amount credited/(charged) to interest receivable/payable			
Expected return on pension scheme assets	2,018	835	846
Interest on pension scheme liabilities	(1,304)	(1,120)	(1,110)
Net finance income/(charge)	714	(285)	(264)

Notes to Group Accounts

Analysis of amount recognised in the primary statements

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Actual return less expected return on pension assets	974	(315)	4,348
Changes in financial assumptions underlying the scheme/(liabilities)	(3,599)	2,664	(5,985)
Actuarial gain/(loss) recognised in the primary statements	(2,625)	2,349	(1,637)

Movements in scheme deficit during the year

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
At 1 April b/f	172	(1,481)	878
Movement in year:			
Total operating charge	(588)	(669)	(589)
Contributions	846	964	971
Net finance income/(charge)	714	(285)	(264)
Actuarial gain/(loss) in the primary statements	(2,625)	2,349	(1,637)
At 31 March c/f	(1,481)	878	(641)

Cardiff and Vale of Glamorgan Pension Fund

Cardiff Bus also participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made as at 31 March 2013.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 25.4% of pensionable pay from 1 April 2011 continuing into 2016/17. In addition to this rate, Cardiff City Transport Services Limited is required to pay £480,000 per annum.

The most recent completed valuation was carried out as at 31 March 2013, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of IAS19 in order to assess the liabilities of the Fund as at 31 March 2017. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The company's contribution rate over the accounting period was 25.4% of pensionable pay plus a monetary amount of £480,000. The contribution rates certified for the company at the 31 March 2013 valuation are as follows:

April 2017 to March 2018 25.4% of pensionable pay plus £480,000.

These figures include the past service element of the contribution rate.

The scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

The main assumptions used for the purposes of IAS19 are as follows:

Notes to Group Accounts

	At 31 March 2015	At 31 March 2016	At 31 March 2017
Rate of increase in salaries	3.5% pa	3.1% pa	3.3% pa
Discount rate	3.3% pa	3.5% pa	2.6% pa
Rate of increase in pensions in payment	2.0% pa	2.1% pa	2.3% pa
Rate of increase in deferred pensions	2.0% pa	2.1% pa	2.3% pa
Rate of inflation (RPI)	3.0% pa	3.1% pa	3.3% pa
Rate of inflation (CPI)	2.0% pa	2.1% pa	2.3% pa

Mortality assumption

The mortality assumptions are based on SIPMA tables, for 100% of medium cohort, subject to a 1% p.a. minimum improvement underpin. The assumptions are that a member aged 65 at the valuation date will live on average for a further 21.5 years if they are male and for a further 23.2 years if they are female. For a member who is 45 at the valuation date and retires at age 65, the assumptions are that they will live on average for a further 22.7 years after retirement if they are male and for a further 24.6 years after retirement if they are female.

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

The assets in the fund and expected rates of return were:	2014/15		2015/16		2016/17	
	Long-term expected return on assets	Fair Value £000	Long-term expected return on assets	Fair Value £000	Long-term expected return on assets	Fair Value £000
Equities	7.6% pa	21,285	N/A	19,917	N/A	23,640
Government bonds	3.4% pa	1,870	N/A	2,148	N/A	2,573
Corporate bonds	4.0% pa	2,173	N/A	1,909	N/A	1,756
Property	6.9% pa	1,622	N/A	1,936	N/A	1,907
Cash	0.9% pa	467	N/A	610	N/A	454
Other assets	7.6% pa	83	N/A	0	N/A	(60)
		27,500		26,520		30,270

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

The net pension liability measured under IAS19 comprised the following:

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Total market value share of assets	27,500	26,520	30,270
Present value of scheme liabilities	(30,710)	(30,190)	(33,450)
Net IAS19 Scheme Deficit	(3,210)	(3,670)	(3,180)

Notes to Group Accounts

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Total market value of assets	32,795	32,924	37,818
Present value of scheme liabilities	(34,276)	(32,046)	(38,459)
Net IAS19 Scheme Deficit	(1,481)	878	(641)

Analysis of amount charged to operating profit:

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Current Service Cost / Past Service Cost	(320)	(270)	(210)
Total Operating Charge	(320)	(270)	(210)

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

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Expected return on pension scheme assets	1,710	900	920
Interest on pension scheme liabilities	(1,250)	(990)	(1,030)
Net Finance Income / (Charge)	460	(90)	(110)

Analysis of amount recognised in the primary statements:

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
Actual return less expected return on pension assets	1,500	(1,300)	3,580
Changes in financial assumptions underlying the scheme/(liabilities)	(1,800)	510	(3,430)
Actuarial gain/(loss) recognised in the primary statements	(300)	(790)	150

Movements in scheme deficit during the year:

	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2017 £000
At 1 April	(3,810)	(3,210)	(3,670)
Movement in year:			
Total operating charge	(320)	(270)	(210)
Contributions	760	690	660
Net finance income/(charge)	460	(90)	(110)
Actuarial gain/(loss) in the primary statements	(300)	(790)	150
At 31 March	(3,210)	(3,670)	(3,180)

Notes to Group Accounts

The total net pension liability measured under IAS19 for both schemes is as follows:

	At 31 March 2016 £000	At 31 March 2017 £000
The Group and the Company		
Cardiff City Transport Scheme	(878)	641
Cardiff & Vale of Glamorgan Pension Scheme	3,670	3,180
Deferred Tax Asset	(558)	(938)
Total	2,234	2,883

6. Exceptional Item

There are no exceptional items reported in the 2016/17 Cardiff Bus Accounts.

Notes to Group Accounts

7. Non-Current Assets Note

2016/17	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2016	537,762	779,249	76,639	587,344	19,620	36,299	30,800	2,067,713
Additions	17,980	21,954	6,564	11,093	32	351	33,876	91,850
Impairment losses/reversals to RR *	0	(588)	0	0	0	(196)	0	(784)
Impairment losses / reversals to SDPS **	(153)	(2,443)	(325)	0	0	(21)	(32)	(2,974)
Derecognition - disposals	(1,186)	(25,659)	(6,575)	0	0	(1,430)	0	(34,850)
Reclassified (to)/from Held for Sale	0	0	0	0	0	8	0	8
Other reclassifications	400	13,291	193	7,088		1,074	(22,090)	(44)
Revaluation increases /(decreases) to RR*	0	2,282	0	0	0	5,918	0	8,200
Revaluation increases /(decreases) to SDPS**	0	(14,775)	0	0	0	(1,011)	0	(15,786)
At 31 March 2017	554,803	773,311	76,496	605,525	19,652	40,992	42,555	2,113,334
Depreciation								
At 1 April 2016	8,298	29,742	44,782	288,746	0	0	0	371,568
Depreciation charge	8,659	16,746	6,997	22,158	0	0	0	54,560
Depreciation written out on impairment	0	(1,161)	(186)	0	0	0	0	(1,347)
Derecognition - disposals	(16)	(12)	(6,539)	0	0	0	0	(6,567)
Depreciation written out to SDPS **	0	0	0	0	0	0	0	0
Reclassifications	0	(25)	0	0	0	0	0	(25)
Depreciation written out on revaluation	0	(18,986)	0	0	0	0	0	(18,986)
At 31 March 2017	16,941	26,304	45,054	310,904	0	0	0	399,203
Net Book Value:								
At 31 March 2017	537,862	747,007	31,442	294,621	19,652	40,992	42,555	1,714,131
At 31 March 2016	529,464	749,507	31,857	298,598	19,620	36,299	30,800	1,696,145

* RR = Revaluation Reserve

**SDPS = Surplus or deficit on Provision of Services

Notes to Group Accounts

Comparative Information for 2015/16:

2015/16 (Restated)	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	P, P & E under construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2015	604,426	810,949	77,813	575,174	19,206	37,024	11,509	2,136,101
Additions	16,866	18,251	8,948	11,284	389	2,103	25,540	83,381
Impairment losses/reversals to RR *	0	(591)	0	0	0	0	0	(591)
Impairment losses / reversals to SDPS **	(3,247)	(809)	0	0	0	(102)	(544)	(4,702)
Derecognition - disposals	(815)	(4,200)	(10,778)	0	0	(3,200)	0	(18,993)
Reclassified (to)/from Held for Sale	0	(1,842)	0	0	0	(410)	0	(2,252)
Other reclassifications	422	(2,317)	656	886	25	3,751	(5,705)	(2,282)
Revaluation increases /(decreases) to RR*	63,820	(14,134)	0	0	0	(415)	0	49,271
Revaluation increases /(decreases) to SDPS**	(143,710)	(26,058)	0	0	0	(2,452)	0	(172,220)
At 31 March 2016	537,762	779,249	76,639	587,344	19,620	36,299	30,800	2,067,713
Depreciation								
At 1 April 2015	35,414	39,754	48,415	266,508	0	0	0	390,091
Depreciation charge	8,298	17,011	7,058	22,238	0	0	0	54,605
Depreciation written out on impairment	0	(60)	0	0	0	0	0	(60)
Derecognition - disposals	0	(47)	(10,691)	0	0	0	0	(10,738)
Depreciation written out to SDPS **	0	(1,136)	0	0	0	0	0	(1,136)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(35,414)	(25,780)	0	0	0	0	0	(61,194)
At 31 March 2016	8,298	29,742	44,782	288,746	0	0	0	371,568
Net Book Value:								
At 31 March 2016	529,464	749,507	31,857	298,598	19,620	36,299	30,800	1,696,145
At 31 March 2015	569,012	771,195	29,398	308,666	19,206	37,024	11,509	1,746,010

* RR = Revaluation Reserve

**SDPS = Surplus or deficit on Provision of Services

Notes to Group Accounts

8. Financial Instruments

In addition to the financial instrument disclosures in the single entity accounts it should be noted:

Consolidation Adjustment

On consolidation, the Council's shareholding in Cardiff Bus ceases to be a financial instrument, as the consolidated balance sheet includes the net assets of the subsidiary and their corresponding net worth. The increase to fair value is eliminated in the consolidation process.

Derivative Financial Instruments

Cardiff Bus enters into energy hedges to fix the price of fuel. At 31 March 2017, the company had no contracts to buy fuel.

9. Debtors

31 March 2016 Restated £000		31 March 2017 £000
43,210	Central Government Bodies	45,499
13,278	Other Local Authorities	9,349
4,691	NHS Bodies	5,364
34	Public Corporations & Trading Funds	14
25,964	Other Entities and Individuals	24,298
87,177	Total Debtors Net of Impairments	84,524

10. Cash and Cash Equivalents

This figure represents cash temporarily available for investment at balance sheet date and includes £2.852 million (£2.596 million in 2015/16) which Cardiff City Transport Services Ltd. holds in an escrow account against future insured liabilities. Cardiff City Transport Services Ltd holds £2.859 million (£2.603 million in 2015/16) in money market accounts that are not instant access.

11. Creditors

31 March 2016 Restated £000		31 March 2017 £000
(13,498)	Central Government Bodies	(16,155)
(11,518)	Other Local Authorities	(7,916)
(1,424)	NHS Bodies	(1,594)
(9)	Public Corporations & Trading Funds	(4)
(61,174)	Other Entities and Individuals	(64,156)
(87,623)	Total Creditors	(89,825)

Notes to Group Accounts

12. Provisions

	Balance 1 April 2016 Restated £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2017 £000	Not later than one year £000	Later than one year £000
Cardiff Insurance Provisions	(10,441)	4,422	(3,540)	(9,559)	(4,277)	(5,282)
MMI Scheme of Arrangement Levy	(277)	304	(78)	(51)	(10)	(41)
Cardiff Bus Insurance Provision	(2,378)	(751)	1,097	(2,032)	(915)	(1,117)
Ferry Rd Landfill Provision	(9,096)	144	0	(8,952)	(210)	(8,742)
Lamby Way Landfill Provision	(16,574)	1,288	0	(15,286)	(1,589)	(13,697)
Other Provisions	(1,833)	1,231	(487)	(1,089)	(1,030)	(59)
Total Provisions	(40,599)	6,638	(3,008)	(36,969)	(8,031)	(28,938)

13. Deferred Liabilities

	Balance 1 April 2016 Restated £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2017 £000	Not later than one year £000	Later than one year £000
Commutated Maintenance Sums	(7,603)	1,250	(3,314)	(9,667)	(846)	(8,821)
Rent Smart Wales Income in Advance	0	0	(7,200)	(7,200)	(2,000)	(5,200)
Cardiff Bus Finance Lease Liability	(6,490)	1,457	(1,429)	(6,462)	(1,465)	(4,997)
Total Deferred Liabilities	(14,093)	2,707	(11,943)	(23,329)	(4,311)	(19,018)

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

	2015/16 (Restated) £000	2016/17 £000
Depreciation and impairment	(183,867)	(49,188)
Charges made for retirement benefits (IAS19) less employers contributions	(13,949)	(17,604)
Contributions (to)/from provisions	6,272	2,005
Gain/loss on disposal of fixed assets	(11,710)	(32,158)
Cardiff Bus Taxation	(65)	0
Increase/(decrease) in stock	(108)	68
Increase/(decrease) in debtors (exc capital)	12,595	(5,822)
(Increase)/decrease in creditors (exc capital creditors) & super fund	4,925	4,168
	(185,907)	(98,531)

Notes to Group Accounts

Adjust for items included in the net surplus/deficit on provision of services that are investing and financing activities

	2015/16 £000	2016/17 £000
REFCUS	(192,271)	(4,122)
Net gain/(loss) on sale of non-current assets	11,096	8,946
Repayments of liabilities under finance leases	0	0
Capital grants/contributions recognised in I&E	25,304	41,191
Other cash items which affect investing or financing activities	(23,222)	2,246
	(179,093)	48,261

15. Expenditure and Funding Analysis

Please refer to note 4 in the Notes to Core Financial Statements for the Council's segmental reporting analysis. The group report is not prepared on the basis that Cardiff Bus prepares its accounts in accordance with UK GAAP.

Trust Funds

During 2016/17, the Corporate Director Resources had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it and separate financial statements are produced, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

The charities are managed and expenditure is approved in accordance with criteria set out in the governing document of each one.

The Council is the sole trustee of the following charities, the purposes of which are outlined below. Numbers in brackets are the charity registration numbers.

Llandaff War Memorial Fund (219060) – For defraying the cost of upkeep of the war memorial at Llandaff.

Maindy Park Foundation (524137) – Recreation or other leisure-time occupation for the benefit of the inhabitants of the City of Cardiff with the object of improving the conditions of life for those inhabitants.

Cardiff Further Education Trust Fund/Craddock Wells Trust – Apart from the provision of premises for educational purposes, the Trust makes grants to students, usually through the Council, and makes a small annual payment to the University of Wales, Cardiff.

Norwegian Church Preservation Trust - The Norwegian Church Preservation Trust was transferred to the County Council, under the management of the Cardiff Harbour Authority in May 2006. It is intended to continue to retain and enhance the cultural, arts programmes and the links between Wales and Norway of this important visitor's attraction on the Cardiff Bay Waterfront for future generations.

The accounts for the Cardiff Further Education Trust and the Norwegian Church Preservation Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2017 have yet to be examined. This is to be undertaken in January 2018 which is within the statutory deadlines set.

A financial summary for each fund follows. Detailed financial statements may be obtained from:

Christine Salter
Corporate Director Resources
County Hall
Cardiff
CF10 4UW

Trust Funds

	Balance as at 31 March 2016 £	Income £	Asset Revaluation £	Expenditure £	Balance as at 31 March 2017 £
General Funds					
Llandaff War Memorial Fund	1,440	4	0	(10)	1,434
Maindy Park Foundation	78,349	147	0	(10)	78,486
Norwegian Church Preservation Trust	(105)	69,161	0	(69,161)	(105)
Further Education					
Cardiff Further Education Trust/ Craddock Wells	20,854,910	458,646	3,521,854	(175,456)	24,659,954
Total funds for which the council is sole trustee	20,934,594	527,958	3,521,854	(244,637)	24,739,769
R Fice Memorial Trust	59,611	7,974	0	(2,168)	65,417
The Howardian Trust	29,405	3,160	0	(500)	32,065
Total other funds which are administered by the Council	89,016	11,134	0	(2,668)	97,482
Total	21,023,610	539,092	3,521,854	(247,305)	24,837,251

The accounts for the Cardiff Further Education Trust and the Norwegian Church Preservation Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2017 have yet to be examined. This is to be undertaken in January 2018 which is within the statutory deadlines set.

Scope of Responsibility

1. The City of Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, 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 Cardiff Harbour Authority (Harbour Authority) is subsumed in the Council and not a separate entity. The Council is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA). In January 2017 the Council was also approved by Cabinet as the Accountable Body for the City Capital Region (CCR) City Deal.
3. The governance arrangements detailed in this Annual Governance Statement (AGS) apply equally to the Council's responsibilities to the Harbour Authority, Pension Fund, CPHA and CCR City Deal. Within the Statement of Accounts, the Annual Return of the CPHA includes a corresponding Annual Governance Statement with additional supporting governance information. There are further specific requirements for the Pension Fund which are:
 - The Statement of Investment Principles;
 - Funding Strategy Statement;
 - A full Actuarial Valuation to be carried out every third year.
4. 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 framework was updated following a period of consultation with the financial year 2016/17 representing its first year of application.
5. This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014.
6. The governance arrangements in the Council's three wholly owned subsidiary companies which traded in 2016/17, namely Cardiff City Transport Services Ltd. (Cardiff Bus), Cardiff Business Technology Centre (CBTC) and Cardiff Business Council Ltd are subject to periodic review. These were not reviewed by the Council in 2016/17.

The purpose of the Governance Framework

7. 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 represents its code of governance, setting out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.
8. 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.

The Governance Framework

9. 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.

Assessment Process and Summary

10. 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.
11. 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.
12. 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 senior management team (SMT) of the significant governance issues affecting the organisation as summary actions to take forward and address.

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



i) Assurance Statements

14. 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

15. As a Senior Management Team we have self-assessed directorate and corporate governance arrangements in place during 2016/17. 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 2017, from which the Chief Executive authorised the overall position.

16. 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 management, upholding internal controls, compliance, the prevention and detection of fraud and monitoring and managing a challenging budget position.

17. The maturity assessment highlighted opportunities to enhance the discipline of partnership governance and long term business decision making for resource savings, for which there was a higher incidence of mixed application and evidence than other areas. 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 2017/18.

18. The Senior Management Team collectively own the Corporate Risk Register and we have reviewed all corporate risks quarterly in 2016/17. We have also refreshed the risk escalation process at the financial year end to ensure we have 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.
19. The Senior Management Team collectively own an action plan of significant governance issues for which there has been steady progress in their management throughout 2016/17. In recognition of the progress made to address recommendations made in the WAO Corporate Assessment Follow On report 2016, this matter has been removed as a significant governance issue from the preceding year. The action plan is included in the annual governance statement 2016/17.

Audit Manager Statement

- 20 Based on the programme of audit and investigatory work undertaken and contributions to preparing some of the key governance documents e.g. the Corporate Risk Register and Annual Governance Statement, it is considered that the overall framework for control within the Council for 2016/17 remains satisfactory. This opinion is based with an acknowledgment of the increasing pressure on resources in both demand and budgets which is managed by a robust performance culture.

It is becoming increasingly challenging to provide a satisfactory opinion as, whilst the financial control framework remains robust, audits continue to highlight system weaknesses in some areas and / or compliance issues which identify further opportunities to enhance control. The impact on budgets puts pressure on those remaining resources combined with the loss of knowledge and experience as officers leave the Council. This is happening at a time where demands are steady or increasing and change is bringing with it new challenges and risks that need to be managed.

It is noted that there were 31 audits completed where a "Limited assurance" opinion was provided and three where a "No assurance" opinion was provided, which it is felt reflects, to a degree, the pressure on resources across directorates to maintain a sound control environment while struggling to retain efficient and effective services and deliver the change agenda. This requires regular monitoring and reporting with key themes identified and targeted.

In addition to this general pressure on resources, areas of particular concern have been highlighted in quarterly progress reports presented to the Section 151 Officer and Audit Committee, and include:

- The Control Risk Self-Assessment (CRSA) approach has been a major step forward in gathering evidence to support sound governance, risk management and control arrangement and has been well received. Although it is most widely used to support the audit of schools, it is used within the audits of most fundamental financial systems, as well as the audits of the Pension Fund, Insurance Fund and some Social Services systems. Work continues to ensure that the CRSA approach is targeting key risk areas thus retaining an extensive area of coverage but also being mindful of the resources needed to support it and provide the evidential information. The CRSA approach will be undermined if it results in significant resource from either auditors or more importantly the areas being reviewed.
- Work on contracts has continued to identify concerns over contract management skills as new ways of operating are being explored. Audits have highlighted some contract related matters and how these need addressing given the significance of the contract sums.

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- In some audits, it was evident that there was a lack of work instructions and process mapping to capture how procedures and systems operate. This was highlighted because of the potential impact with a number of experienced staff leaving, stressing the need for proper documentation to ensure remaining and any new staff consistently follow tried and tested systems which should comply with Council rules and policies.

On a positive note, Internal Audit continues to provide training on internal control as part of the Cardiff Manager Programme; this is seen as a major step forward in raising awareness with senior managers around these key areas of governance and has helped clarify and set out their responsibilities for leading on compliance. The Group Auditor (Investigations) has developed and delivered a training programme for investigating officers (236 officers trained) in line with the Council's revised disciplinary policy, and has also delivered bespoke training for some groups of staff.

Audit Committee Statement

21. Based on the evidence presented to the Audit Committee during 2016/17, it is the considered view of the Committee that the Council does, for the most part, have sound financial controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee has continuing concerns, which will be incorporated into the Committee's Work Programme for 2017/18, include:

<p>Budget Prioritisation / Control</p>	<p>The Audit Committee recognises the significant sustained financial pressure that the Council is under. Budget monitoring (control) has been reported as a 'red' corporate risk in each Audit Committee meeting in 2016/17 and the Corporate Director Resources has reported the outturn position in each finance update.</p> <p>Audit Committee has raised concern that in some areas there have been significant overspends, with those in the Social Services Directorate being most notable. Audit Committee has explored the sufficiency of the budget for Social Services to meet demand and cost requirements. It is positive that both the Corporate Director Resources and the Director of Social Services have attended Audit Committee and expressed the same sentiments that there has been a need to forecast demand better, but also that there is scope to improve the accountability of delivering the required savings within the Directorate.</p> <p>It is crucial that budgets are prioritised to deliver robust and achievable savings, and assurance has been received from the Corporate Director Resources that greater continued work is ongoing to further enhance the budget setting process and its delivery.</p>
<p>Organisational Development</p>	<p>The Chief Executive has attended Audit Committee to discuss the Corporate Assessment Follow On report which was published by the Wales Audit Office (WAO) in February. Audit Committee recognises the importance of the Organisational Development Programme (ODP) in contributing to the improvements required through its programmes of work.</p> <p>Audit Committee recognises that delivery against the ODP and the Corporate Assessment are being monitored and challenged by other Committees (namely the Policy Review and Performance Scrutiny Committee). However, at a time of continued financial pressure, Audit Committee has a particular interest in the demonstration of the ODP as enabling the delivery of key savings. This need has been supported by the Corporate Assessment Follow On report, which highlighted a need for a clear link between Medium Term Financial Plan savings plans and work streams or projects in the ODP.</p>

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	<p>The Chief Executive has provided explanation of a number of mechanisms which have been put in place to improve organisational planning and delivery. In terms of budget setting, the process for 2017/18 was brought forward to improve forward planning and engagement, a refresh of the ODP was made in June 2016, and a new Head of Performance and Partnerships post was created in 2015/16 to strengthen performance management. Audit Committee anticipates the next report from WAO to recognise the effectiveness of these improvements.</p> <p>Internal Audit has undertaken a Control Risk Self Assessment (CRSA) approach to auditing a pilot of ODP projects and an audit of OD Governance. It is positive to note overall satisfactory assurance.</p>
<p>Financial / Internal Control</p>	<p>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 are integrated within new or reformed processes and systems. At a time when many decisions have to be finance driven it is essential that internal controls are not neglected or impaired.</p> <p>Audit Committee has continued to invite those senior managers and 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.</p> <p>Audit Committee has welcomed an external assessment of the Internal Audit Team as required in the Public Sector Internal Audit Standards (PSIAS) which is commencing at the municipal year end 2016/17. Internal audit is a key source of assurance for the Audit Committee on financial and internal control, and external validation of conformance with the PSIAS offers us assurance and enables greater promotion of the value of the Internal Audit services.</p>
<p>Contract and Procurement Matters</p>	<p>'Commissioning capability and capacity' has been carried forward as a significant governance issue from 2015/16. Audit Committee has taken an interest in the progress made to address this issue, through which management propose separating the Commissioning Strategy from the Procurement Strategy to provide clear and distinct guidance for the separate disciplines. Audit Committee is keen that this work is progressed and promptly, given the high value for money implications in a context of significant procurement and contract spend.</p> <p>The Building Maintenance Framework is a high value contract which has been of interest to Audit Committee for a number of years in respect of its cost and the quality and effectiveness of service delivery. Members have raised contract management concerns over the operation of this contract following multiple issues being raised by constituents relating to the standard of work completed on domestic Council properties as part of the framework. Last financial year, Audit Committee was presented with a briefing which summarised the findings of an independent report on the Building Maintenance Framework from Constructing Excellence Wales (CEW).</p> <p>With the knowledge that a new commissioning and procurement process is underway for the next iteration of this framework contract, Audit Committee has taken a keen interest in emphasising that the following issues in the</p>

Annual Governance Statement

	<p>existing contract are sufficiently addressed. Audit Committee has emphasised the need:</p> <ul style="list-style-type: none"> • for better communication of the policies and processes with Elected Members; • for a focussed single Council delivery approach to provide best use of resources and improved monitoring, customer service and satisfaction; • to ensure effective use of Council resources, value for money in parallel to effectiveness and efficiencies of current framework; • to learn from current framework contract arrangements; • for a robust process for complaints; their review; and consideration be given to a quality assurance report for tenants / clients to complete and return (aimed at providing the more vulnerable people with a greater opportunity to comment on work done and quality issues); • for the Building Maintenance Project Board to continue to monitor the implementation of the recommendations arising from the CEW report. <p>At a time when the Council is moving towards new models of service delivery Audit Committee will continue to seek assurances that improvements are being made to contract management on a Council-wide basis. Audit Committee will continue to monitor the findings of Internal Audit reports and the progress of the Building Maintenance Project Board.</p>
<p>Financial Resilience (including Treasury Management)</p>	<p>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.</p> <p>The Audit Committee has received updates on financial resilience as part of the finance updates from the Corporate Director Resources in each meeting in 2016/17. Committee has also received a report from the Wales Audit Office (WAO) of their financial resilience assessment of the Council, which took place between May – October 2015. Whilst the report provided 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.</p> <p>Sound treasury management is recognised as vital to safeguard and provide best value from the Council's borrowing and investments. Audit Committee has continued to probe the levels and profiles of investments and borrowing throughout the year and has played a key role in reviewing the Treasury Management Strategy and Reports. This will continue to be a key area of focus going into 2017/18.</p>
<p>Schools Governance & Compliance</p>	<p>Audit Committee has continued to raise concerns about governance and compliance matters in schools. Historically, Audit Committee has received a greater proportion of 'Limited Assurance' and 'No Assurance' audit reports in relation to schools, compared to the rest of the Council. This trend has not improved in 2016/17, with Internal Audit opinions of both 'Limited Assurance' and 'No Assurance' issued to Cardiff schools this year. Particular concerns and details have been discussed in Audit Committee meetings, together with relevant management responses.</p> <p>The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. Although practices can only be commended, given</p>

	the size of school budgets and the reputational risks associated with weaknesses in school governance, this area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.
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ii) Governance Framework - Supporting Information

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

22. 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.
23. The Monitoring Officer has 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. An interim Monitoring officer was in place in the financial year 2016/17 until the appointment of the new Director of Governance and Legal Services and Monitoring Officer in September 2016.
24. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Council, its Members, employees and any associated providers of the Council'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 18 complaints raised against Members in 2016/17 of which 5 were from other Members, and 13 were from members of the public. The outcomes / status of each complaint is reported to the Standards and Ethics Committee each quarter.
25. 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.
26. To learn lessons from the experiences of Councillors whilst in office, a Member Exit Survey was completed in February 2017. 61% of respondents reported that they will 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. Personal experience of bullying and discriminatory behaviours were reported at rates of 37% and 34% respectively. Witnessing bullying and discriminatory behaviours were reported at 68% and 79% respectively between Councillors and at 32% and 21% respectively between Councillors and Officers.
27. To address the matters raised in the Member Exit Survey, a HR counselling service for employees will be made available to all Members from the new intake. The survey findings will be taken into

account in the development of the Member support and induction programme and a new survey of Members will take place December 2017.

28. An Officers' Personal Interests & Secondary Employment Policy requires staff to disclose any personal interest which actually or potentially conflict 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.
29. 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.
30. To address this recommendation the Standards & Ethics Committee has committed to publishing biannual Member Briefings on the work of the committee, underlining the importance of the Cardiff Undertaking and member conduct and behaviour. The first briefing was authorised for publication to all members in August 2016.
31. The Council's Cabinet approved 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.
32. 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, had a response rate of 33.9% and 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.
33. The Workforce Strategy and Employee Charter have been in place throughout 2016/17 and are underpinned by the Council's vision and values and aligned to the Corporate Plan and the Organisational Development Programme:
 - The Employee Charter sets out the expectations of employees, managers and senior managers and has formed part of the objective setting process for personal performance and development 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.
34. 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 & Corruption Policy;
 - Money Laundering Policy and Procedure;
 - ICT Security Policy;

- Data Protection Policy & Procedure;
 - HR policies regarding investigation and discipline of staff.
35. Induction training is undertaken by all 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 all staff are aware of the corporate values and how they should be applied.
36. 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). Supported by this policy there have been 3 whistleblowing cases reported to the Monitoring Officer in 2016/17.
37. 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 (2010).

B. Ensuring openness and comprehensive stakeholder engagement.

38. 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.
39. 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). In 2016/17 a project group has focussed on achieving this standard.
40. 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.
41. 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 address Committees. Throughout 2016/17 the Council has webcast Council and Planning Committee meetings to enable wider public accessibility. Papers and reports are also available on the Council's website via 'Modern.gov.'
42. 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.
43. 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 2016/17 budget involved

3,348 people completing a 'Changes for Cardiff' questionnaire and public views were also given via petitions, social media, attendance at 'drop-in' public engagement events, and through correspondence. The consultation ran for more than four weeks and included twenty community engagement events, a youth council event, an online questionnaire, a video, social media promotion and hard copy questionnaires distributed across the city.

44. 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.
45. The Council participates in a single integrated partnership strategy 'What Matters' 2010-2020' which was introduced to deliver a vision of 7 shared citizen outcomes, and bring together the Community Strategy; the Children & Young People's Plan; the Health, Social Care & Wellbeing Strategy and the Community Safety Strategic Assessment. A Public Service Board was in place throughout 2016/17 and replaced a former Local Service Board to deliver the 'What Matters' outcomes and also to meet the requirements of the Wellbeing of Future Generations Act 2015. Delivery against the What Matters outcomes is subject to an annual review.
46. The Wellbeing of Future Generations Act 2015 requires decision making to encompass 7 wellbeing goals and 5 ways of working to ensure improvements to the economic, social, environmental and cultural well-being of the Local Authority area. Statutory membership includes the Local Authority, Health Board, Fire and Rescue Service and Natural Resources Wales. To help embed the wellbeing goals in the decision making process a Liveable City Policy Forum helped to develop a Liveable City Integration Tool to be piloted in assessing the impact of draft policy decisions in the next financial year.
47. Neighbourhood Partnership teams made up of multi-agency staff, collaborate and work together to redefine conventional working and bring more decision-making and resources closer to communities. This approach has shaped the work of some delivery programmes such as Families First, Communities First, Flying Start and Youth Engagement Panels to target Council resources effectively, reduce duplication and identify gaps in services. Cardiff's Community Hubs offer locality based partnership working and Neighbourhood delivery has been a consideration in alternative delivery models (ADMs).
48. The Council regularly engages in consultation with the Trade Unions and a 'Partnership for Change Agreement' was signed off in February 2015. This agreement, lays the groundwork to address the difficult challenges ahead around how, irrespective of any service delivery models agreed, the Council will jointly address the continuing budget savings required whilst reducing operating costs, improving performance and improving customer satisfaction. A Joint Partnership Board supports the reform agenda.

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

49. The Cabinet has established a vision for Cardiff to be "Europe's most liveable capital city" through achieving seven outcomes, as jointly agreed by public service and third sector partners. A 'Liveable City Report' is published annually and captures performance against a range of indicators associated with each of the following outcomes.
 - People in Cardiff are safe & feel safe
 - Cardiff has a thriving & prosperous economy
 - People in Cardiff achieve their full potential
 - Cardiff is a great place to live, work & play
 - People in Cardiff have a clean, attractive & sustainable environment
 - People in Cardiff are healthy

- Cardiff is a fair, just & inclusive society
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 2016 for the period 2016 – 2018, informed by the consultation on budget proposals for 2016/17. It sets the strategic direction and provides a framework for Directorate Delivery Plans and performance management objectives. Corporate Plan priorities have been 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. 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. A Cardiff Capital Region (CCR) City Deal 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. In January 2017, an independent report of how best to support the ambitions of the CCR from the CCR Growth and Competitiveness Commission was endorsed by the 10 Council Leaders. Work has begun to include the report's recommendations as areas of work within the CCR City Deal Implementation Plan.
53. In the context of increasing demand for Council Services and ongoing reductions in budgets, a rolling three year Organisational Development Programme has continued to:
- Review the shape and scope of the organisation and the way in which services are currently delivered to meet demand;
 - Enhance citizen engagement and widen opportunities for people and communities to shape services around their needs;
 - Identify delivery models that may be established to meet demand pressures and reflect budgetary realities;
 - Strengthen performance management, workforce development and staff engagement arrangements;
 - Identify opportunities for further efficiency savings through better internal and external collaboration, integration of service delivery and better use of assets and infrastructures.
54. The Final Local Government Settlement for 2016/17 was received in February 2016 which was later than the usual date of December. Not having a firm figure of Aggregate External Finance (AEF) for the 2016/17 financial year caused some uncertainty, but was managed through regular consultation with the Welsh Government and prudence in the budget setting process. Cardiff experienced a 0.1% reduction in AEF which in cash terms equated to a £301,000 loss of general funding compared to 2015/16.
55. The Council's Budget for 2016/17 included a budget reduction requirement of £33 million for 2016/17, building on £113 million in the previous three years with a further £73 million requirement anticipated over the next three. 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.

56. Consultation on the Council's 2016/17 budget proposals "Changes for Cardiff" ran from 11 December 2015 – 12 January 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.

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

57. To ensure decision makers are well informed, all decisions taken by Members are supported by written reports from officers which include assessments of the legal, HR and financial implications arising from the decision. Such reports address the key risks involved in particular decisions and alternative courses of action which are available. Reports also take into account the impact of economic, social and environmental wellbeing factors through the Council's Impact Screening Tool.
58. The Well-being of Future Generations Act commenced from April 2016 to improve the economic, social and environmental well-being of Wales in accordance with the detailed sustainable development principles and well-being goals that are prescribed by the Act. The Council participated in an early adopter's process in 2015/16 to facilitate understanding and preparation for the requirement of the Act. A Liveable City Policy Forum and a Performance & Governance Programme have further developed processes and performance management arrangements throughout 2016/17 to enable delivery of the Act to embed in organisational processes and decision making.
59. 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.
60. 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.
61. To ensure 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. Additionally, to assist with the evaluation of alternative delivery models being considered by the Council as part of its Organisational Development Programme, a Corporate Alternative Delivery Model (ADM) Evaluation Methodology was developed by the Commissioning and Procurement Service in 2015/16. It has been made available for use throughout the financial year 2016/17 and was used robustly on an Infrastructure Services ADM project.
62. 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 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 the result of the Local Government (Wales) Measure. This framework ensures that there is alignment between Performance against the Council's targets and objectives are reported publicly on a quarterly and annual basis.
63. The Budget Strategy report for 2016/17 acknowledged the requirement for an updated approach to identifying budget targets given the extent of the financial challenge in the medium term. The budget

strategy used a Reshaping the Base Budget approach to establish linkages between the Reshaping Service Programme and the Council's target operating model. It looked to initially identify the shape of services and then to understand the link to strategic priorities. Savings were then identified against the four drivers of:

- Policy led savings
 - Business Process efficiency led savings
 - Discrete Directorate led savings
 - Income/commercialisation savings
64. To provide greater confidence in the delivery of savings, once the 2016/17 directorate proposals were submitted, they were subject to progressive challenge to ensure clearer ownership, accuracy, feasibility, achievability and risk management.
65. 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'.

66. 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.
67. 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.

68. 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'.

69. WAO recognised a more engaged culture, with good Member and officer commitment to attending and engaging in full Council meetings. HoHhThey 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.
70. The Council has 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.
71. The Council's has published an Annual Statutory Improvement Report, which provides a retrospective summary evaluation of performance for 2015-16 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 WAO Annual Improvement Report of May 2016 anticipated Council compliance with the requirements of the Local Government (Wales) Measure 2009 providing arrangements to support improved outcomes and embed the pace of improvement are maintained.

72. Strategic business change is delivered through the Organisational Development Programme (ODP) via two portfolios of work; i) Enabling and Commissioning Services (Led by the Corporate Director Resources) and ii) Reshaping Services (Led by the Director of Communities, Housing and Customer Services). The ODP utilises a best practice governance approach (Project Quality Assurance (PQA)) to provide effective planning, monitoring and delivery. Oversight is achieved via portfolio Programme Boards, an Investment Review Board and the Senior Management Team (SMT).
73. 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.
74. 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 seven Directors (Tier 1) and a number of Assistant Director / Chief Officer (Tier 2) posts. The structure in place throughout 2016/17 was supported by HayGroup benchmarking analysis in 2015 which aligned the management structure of Cardiff Council to other Core City Councils and a selection of other Unitary/City Councils of a similar size.
75. 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 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. All new staff and Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures.
77. A Member Development Strategy 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. A Member Development 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 existing programme has been in a process of review by a Member Development Steering Group during 2016/17 as part of a Member Support and Induction Project.
78. Performance is primarily evaluated through the Council's Personal Performance and Development Review (PPDR) 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 Development 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 supports the PPDR through the provision of a number of learning and development programmes and courses.
79. 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 400 staff in key management and finance skills since it commenced in 2014. Approximately 220 managers have completed an ILM level 3 qualification following participating in the programme.

80. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council has signed the 'Time to Change Wales' Organisational Pledge and achieved the Corporate Health Standard – Bronze Award. An Employee Health and Wellbeing Strategy 2016-19 was approved by Cabinet in June 2016 and provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing. This strategy has commenced the delivery of planned wellbeing initiatives, employee support mechanisms and joint working with employees, Trade Unions and other groups and networks. A number of measures of success include staff turnover, sickness and resolution policy data, and employee survey feedback completed in quarter four 2016/17.

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

81. 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 2016/17 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.
82. 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.
83. The risk maturity of the Council has been self-assessed in 2016/17 and benchmarked through the CIPFA network. The reviews identified that the Council has a number of the characteristics of a 'risk-defined' risk maturity level. Work has now commenced to achieve those remaining characteristics in 2017/18.
84. 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.
85. Decisions are made based on reports from officers which include assessments of the legal, HR and financial implications arising from the decision. Reports also take into account the impact of economic, social and environmental wellbeing factors through the Council's Impact Screening Tool.
86. 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. The Council also has collaborative scrutiny arrangements with its partners. Examples include the Prosiect Gwyrdd Joint Committee, the Shared Regulatory Services Joint Committee and the Glamorgan Archives Joint Committee.
87. 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 the Council's Section 151 Officer is their principal advisor.
88. As part of its quality assurance and improvement programme the Internal Audit Section has to measure conformance with the Public Sector Internal Audit Standards (PSIAS) which came into

force in April 2013. The PSIAS is a central measure of the effectiveness of the internal audit function against the mandatory elements of the International Professional Practices Framework. An essential measure of conformance is a mandatory external assessment at least every five years. Following internal preparation, an external assessment will commence in quarter one 2017/18.

89. 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.
90. 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.*
91. Effective arrangements are in place to safeguard personal data. 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.
92. 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.
93. 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.

94. 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.
95. 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.
96. 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.
97. 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*.

98. To demonstrate accountability, Senior Management Assurance Statements (SMAS) are completed by each Director to self-assess performance against a set of governance, risks management and internal control statements. The overall position was reviewed and authorised by the Chief Executive in May 2017, at which point the overall Senior Management Statement included within section 4) *Assessment Process and Summary*, was approved by SMT. 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.
99. The SMAS and AGS Action plan of significant governance issues are reviewed biannually by SMT, Audit Committee and the Information Governance and Risk Team. The aim is to achieve openness and transparency in Council affairs and identification, communication and management of matters which require corporate attention.
100. Annual Council meet in May of each year to establish Committees: their size, terms of reference and allocation of seats. The Council's Constitution sets out the terms of reference for each of its Committees and the decisions that can be taken by each of those Committees, and is reviewed regularly by the Constitution Committee. 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.
101. 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.
102. 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.
103. 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.
104. The Council has an effective Internal Audit Service, as supported by performance information and reporting. The Internal Audit Charter enables direct access to all officers, managers and members and requires functional reporting to the Audit Committee. Governance assessments form an element 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. An audit recommendation follow-up process is in place to provide assurance to Audit Committee that recommendations are acted upon.
105. 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**
106. An Action Plan of Significant Governance issues is owned by the Senior Management Team, and formally reviewed and updated on a bi-annual basis. At the 2016/17 year-end, each member of the Senior Management Team contributed to an updated position against four existing significant governance issues and put forward suggestions of new significant issues.
107. Of the four significant governance issues carried forward from 2015/16:

- The Senior Management Team agreed in May 2017 that implementation of the actions from the 'WAO Corporate Assessment Follow On Report' are sufficiently underway to enable this matter to be removed as a significant governance issue.
 - One existing governance issue has been reframed and renamed 'relevance costs and decision making'. The issue formerly focused on the 'transparency of internal market prices', but now reflects a wider issue of cost awareness in business decisions, such as projects with greater accountability and transparency of charges and costs.
 - The remaining two significant governance issues carried forward were approved to remain unchanged on the action plan at the 2016/17 year-end ('Capacity and Decision Making' and 'Commissioning Capability and Capacity').
108. Fourteen suggested new issues were also discussed at the Senior Management meeting on 30th May 2017. At this meeting, having considered each and the extent of 'mixed application' in the self-assessments, it was decided that two new issues would be added to the action plan of significant governance issues as follows:
- 'Partnership / Collaborative Governance' - based on fully determining and defining the level of governance, assurance and reporting required to ensure a consistent and proportionate approach is applied.
 - 'Robust and Sustainable Savings' - based on ensuring robust business cases consistently underpin achievable savings proposals to deliver sustainable services.
109. The majority of the other issues presented were considered to be either subsets of existing governance issues from the existing action plan, or having a link to a corporate risk, through which they already being managed and reported.
110. The issues in the action plan will continue to be managed and formally reviewed on a bi-annual basis in 2017/18. 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.

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Significant Issue	Year End Position 2016/17	Responsible Officer(s)
<p>1. Capacity and Decision Making</p> <p>The Council is facing unprecedented financial pressures where significant savings have had to be realised, consequently Directorates have seen a reduction in staff resources which increases the pressure on staff to have the capacity to provide professional and sound advice.</p>	<p>There is a continued need for horizon scanning so new pressures and different work demands are anticipated before they are required. This relies on good communication between customer service areas and central support functions. There is a responsibility of the corporate functions to ensure that the recommendations, policies and sanctions are proportionate in order to ensure that the integrity of the Council is not called into question. There needs to be clear communication as to why processes need to be followed and the risks in respect of processes not being followed. Where intense resources are required then Council needs assurance that these controls are set at an appropriate level.</p>	<p>Senior Management Team</p>
<p>2. Commissioning Capability and Capacity</p> <p>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.</p>	<p>Retaining and further developing the commissioning capability and capacity remains a priority in the context of significant spend on commissioned services. Supply risks require ongoing monitoring and management, such as the risk that the marketplace may not be able to meet the social care and support needs of the population. Work is ongoing to embed Strategic Commissioning across the Council to ensure that reducing resources are clearly targeted to deliver identified and prioritised outcomes.</p>	<p>Senior Management Team</p>
<p>3. Relevant Costs and Decision Making</p> <p>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.</p>	<p>Work continues to be undertaken so that awareness of costs is raised across all areas of Council. Finance staff are connected to most projects and empowered to challenge whether or not all relevant costs are taken into account of a business decision.</p>	<p>Senior Management Team</p>

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<p>4. Partnership / Collaborative Governance</p> <p>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.</p>	<p>New Governance Issue – added at year end.</p>	<p>Senior Management Team</p>
<p>5. Robust and Sustainable Savings</p> <p>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).</p>	<p>New Governance Issue – added at year end.</p>	<p>Senior Management Team</p>
<p>Removed Significant Governance Issue in 2016/17</p>		
<p>WAO Corporate Assessment Follow On Report</p> <p>The WAO Corporate Assessment Follow On report was received formally by Cabinet on 10 March 2016. The report made one formal recommendation and 14 'proposals for improvement' relating to various corporate matters including governance issues.</p> <p><u>Action at year end position 2016/17</u></p> <p>Remove as Significant Governance Issue</p>	<p>Action at year end position 2016/17</p> <p>The Statement of Action in response to the WAO recommendations was agreed by Cabinet on 21 March 2016. During 2016/17, progress has been monitored and subject to periodical reviews from WAO. Those interim reviews have been positive and acknowledged progress in all areas reviewed.</p> <p>Issue moved to business as usual for 2017/18.</p>	<p>Senior Management Team</p>

Significant Issues - The Cardiff and Vale of Glamorgan Pension Fund

111. During 2016/17, the Council established a Pensions Committee to give strategic oversight of the Pension Fund. Operational management of the Fund including administration and monitoring of investments remains the responsibility of the Corporate Director Resources under the Council's Scheme of Delegations.
112. The Council has also approved the establishment of a Joint Governance Committee (JGC) for the Wales Investment Pool. The JGC will be formally established in 2017/18 and will comprise one elected member from each of the eight LGPS administering authorities in Wales. The JGC will

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oversee the establishment and operation of the Pool and will be supported by an Officer Working Group.

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 2016/17	Responsible Officer(s)
<p>Welsh Local Government Pension Funds Working Together – Wales Investment Pool.</p> <p>The eight Welsh LGPS Funds submitted their detailed pooling proposals to the DCLG in July 2016 and approval was received from the minister in November. The DCLG requires pools to be operational by April 2018.</p> <p>The operator of the Pool's Collective Investment Vehicle will be appointed during 2017.</p>	<p>The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the establishment of the Wales Investment Pool through the Joint Governance Committee and the Officer Working Group.</p> <p>Developments are regularly reported to the Pensions Committee, the Investment Advisory Panel and the Local Pension Board.</p>	<p>Corporate Director Resources</p>

Significant Issues - Cardiff Port Health Authority (CPHA)

114. Shared Regulatory Services acts as a Port Health Authority through a partnership between Cardiff Council, Bridgend Council and the Vale of Glamorgan Council. The partnership is governed by a Joint Committee, which is equally represented by Cabinet Members and Public Protection Committee Chairs from each Council. There were no significant governance issues reported in 2016/17.
115. Within Cardiff Council, governance issues are discussed and reported through an officer group to the Senior Management Team where required. There were no significant governance issues reported in 2016/17 through this mechanism.

Certification by the Leader of the Council and the Chief Executive

116. I certify the Annual Governance Statement 2016/17.
117. Actions will be taken to address the significant governance issues and matters identified as part of the Senior Management Assurance Statement assessment process.

Paul Orders, Chief Executive
Date: 28 September 2017

Councillor Huw Thomas, Leader of the City of Cardiff Council
Date: 28 September 2017

Glossary of Local Government Accountancy Terms

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation, or the actuarial assumptions have changed.

Agency Services

The provision of services or functions, which are the responsibility of one Authority or public body, by another. The policy and financial resources are set by the principal Authority and implemented by the agent Authority.

Assets Held for Sale

Assets meeting all the criteria of:- immediately available for sale, where the sale is highly probable, actively marketed and expected to be sold within 12 months.

Asset Under Construction

An asset that is not yet complete.

Borrowing

Loans taken out taken out by the Council to pay for capital expenditure or for the prudent management of the Council's financial affairs.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Capital Financing Requirement

A Council's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account via a prudent minimum revenue provision.

Capital Receipts

Income from the sale of capital assets that can be used to fund new capital expenditure schemes, or reduce the underlying need to borrow. Capital receipts cannot be used to fund revenue expenditure, unless they relate to the costs of securing disposal or where a ministerial permission allows.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash and Cash Equivalents

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

Civil Parking Enforcement

A responsibility granted by Welsh Government designating Cardiff as a "Civil Enforcement Area". This gives the Council direct control over the deployment of enforcement staff across the highway network, allowing enforcement to be targeted more effectively to local needs and transportation strategies.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Council Dwellings

Flats and Houses owned by the Council as part of its Housing Revenue Account and provided at an affordable level of rent which is lower than market rent.

Council Fund Balance

The Council Fund Balance represents the cumulative retained surpluses on the Council's revenue budget. It provides a working balance which can be used to cushion the Council against unexpected events or emergencies. It is reviewed annually to ensure it remains at an appropriate level.

Credit Criteria

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Curtailment (Pensions)

For a defined benefit pension scheme an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place.

Defined Benefit Scheme (Pensions)

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme (Pensions)

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Impairment/Amortisation

A charge made to the Comprehensive Income and Expenditure Statement to reflect an estimate of the use or consumption of non-current assets in the year in the provision of Council services.

De-recognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Direct Revenue Financing

The amount of revenue funding in the year used to pay for capital expenditure incurred.

Earmarked Reserves

Amounts set aside to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Highways Network Asset

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the Council Fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Investments

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

Levy

An amount of money which a Local Authority is required to collect on behalf of another organisation.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-domestic rates (NDR)

A levy on businesses collected by billing Authorities, on behalf of the Welsh Government, and paid into an All Wales Pool. The Pool is then redistributed amongst all Welsh Authorities on the basis of population.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Pension Fund

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

Precept

A demand levied by one public Authority, which is collected on its behalf by another Authority.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Projected Unit Method (Pensions)

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service

Property, Plant and Equipment (PPE)

Tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

Prudential Code for Capital Finance

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local Authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Prudent Revenue Provision (PRP)

An amount set aside as a provision each year to repay loans taken out to pay for capital expenditure. This has the effect of reducing the Capital Financing Requirement (CFR).

Public Works Loan Board (PWLB)

The Public Works Loan Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local Authorities and other prescribed bodies, and to collect the repayments.

Recharge

An internal charge for services rendered by one Council directorate or section to another.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves

Reserves are also amounts set aside for future use. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every Council must maintain as a matter of prudence.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure funded from Capital Under Statute (REFCUS)

Represents expenditure that may properly be capitalised under statutory provisions but which creates no tangible asset for the Council e.g. house renovation grants to private individuals or revenue expenditure which would normally be charged to the revenue account, but which can be charged to capital following approval by the Welsh Government.

Revenue Support Grant

General government grant in support of local Authority services. It seeks to even out the effects on the council taxpayer of differences in needs between Authorities.

Settlement (Pensions)

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

Surplus Assets

Assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties or Assets Held for Sale.

Term Deposits

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

Treasury Management

The process by which the Council controls its cash flow and its borrowing and lending activities.

Trust Funds

Funds held in trust which are administered by the Council.

ANNUAL RETURN

2016/17

of

CARDIFF PORT HEALTH AUTHORITY

NARRATIVE REPORT

Port Health Authorities are constituted with the primary objective of preventing the spread of infectious diseases without creating unnecessary interference to world shipping.

Cardiff Port Health Authority was originally established by a Provisional Order in 1882, becoming permanently constituted by the Cardiff Port Order (1894) and consolidated by the Cardiff Port Order (1938) and the Port Health Authorities (Wales) Order (1974). Its authority covers the area, from low water mark, three miles seaward, between Sully Island and the River Rhymney, including all water, docks, harbours and vessels.

The Authority, through the officers of the Environmental Service of the Shared Regulatory Service, inspects ships entering the area to ensure compliance with health regulations. To meet the expenditure incurred in these activities, the Authority raises a levy on the County Council of the City and County of Cardiff and the Vale of Glamorgan Council. Its other main revenue source is income arising from the granting of Ship Sanitation Control Exemption Certificates/Ship Sanitation Control Certificates (SSCEC/SSCC).

ACCOUNTING POLICIES

1. General

The accounting statements that follow have been prepared in accordance with proper practices as required by the Accounts and Audit (Wales) Regulations 2014 (as amended).

2. Debtors and Creditors

The transactions of the Port Health Authority are recorded on an accruals basis. Where there is insufficient information available to provide actual figures, estimates are used although this element is not significant.

Accounting statements for Cardiff Port Health Authority:

	Year Ending	
	31 March 2016 (£)	31 March 2017 (£)
Statement of income and expenditure/receipts and payments		
1. Balances brought forward	133,210	151,221
2. (+) Income from local taxation and/or levy	159,850	127,876
3. (+) Total other receipts	1,314	1,115
4. (-) Staff costs	125,428	129,337
5. (-) Loan interest/capital repayments	0	0
6. (-) Total other payments	17,725	14,396
7. (=) Balances carried forward	151,221	136,479
Statement of Balances		
8. (+) Debtors and stock balances	0	0
9. (+) Total cash and investments	154,637	139,810
10. (-) Creditors	3,416	3,331
11. (=) Balances carried forward	151,221	136,479
12. Total non-current assets and long-term assets	0	0
13. Total borrowing	0	0

Annual Governance Statement (Part 1)

We acknowledge as the members of the Body, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Body's accounting statements for the year ended 31 March 2017, that:

	Agreed?	
	Yes	No
1. We have put in place arrangements: <ul style="list-style-type: none"> • Effective financial management during the year; and • For the preparation and approval of the accounting statements 	Yes	
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	Yes	
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Body to conduct its business or on its finances.	Yes	
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	Yes	
5. We have carried out an assessment of the risks facing the Body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	Yes	
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	Yes	
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.	Yes	
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	Yes	

Annual Governance Statement (Part 2)

	Agreed?	
	Yes	No
1. We have registered as an employer with HM Revenue and Customs and properly operate Pay As You Earn as part of our payroll arrangements; or We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension.	Yes	
2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance.	Yes	
3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the Code	Yes	

Body Certification and approval

Approval and certification of the accounts and annual governance statement

The Body is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of an Annual Return which:

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Body, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017.	Approval by the Body I confirm that these accounting statements and Annual Governance Statement were approved by the Body under body minute reference:
RFO signature:	Chair signature:
Name: Christine Salter	Name: Councillor Bob Derbyshire, Lord Mayor
Date: 28 September 2017	Date: 28 September 2017

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2017 of:

External auditor's name:	
External auditor's signature	Date: 29 September 2017
For and on behalf of the Auditor General for Wales	

Electronic Publication of Financial Statements

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT OF ACCOUNTS

2016/17

OF

CARDIFF HARBOUR AUTHORITY

Narrative Report

Introduction

This document presents the Statement of Accounts for Cardiff Harbour Authority. Section 42(1) of the Harbours Act 1964 sets out that statutory undertakings, such as local authorities that have functions of maintaining, improving or managing a harbour are required to prepare an annual statement of accounts relating to the harbour activities. These accounts have been prepared on an IFRS basis, in line with the requirements of the Companies Act 2006. Cardiff Harbour Authority is subsumed within the County Council of the City and County of Cardiff and is, therefore, not a company. As a result, this foreword is in place of the director's report required by the Companies Act 2006.

Agreement

By an Agreement dated 27 March 2000 made pursuant to and for the purposes of section 165 of the Local Government Planning and Land Act 1980 (as amended) the Council agreed to take responsibility for and to discharge the Harbour Authority undertaking and obligations in regard to the bay and the outer harbour under the terms of the Cardiff Bay Barrage Act 1983.

The Agreement has since been varied by the following Deeds of Variation:

- Dated 25 August 2006 and made between the National Assembly for Wales and the Council.
- Dated 27 March 2007 and made between the National Assembly for Wales and the Council.
- Dated 15 September 2009 and made between the Welsh Ministers and the Council.
- Dated 5 April 2011 and made between the Welsh Ministers and the Council.
- Dated 3 April 2014 and made between the Welsh Ministers and the Council.
- Dated 19 April 2016 and made between the Welsh Ministers and the Council.

Review of the Financial Year

The existing three year budget, which was agreed with the Welsh Ministers, covers the period 2014/15 to 2016/17. The revised budget for 2016/17 was set at £5.891 million which represented a reduction of £0.362 million on the previous year. This has increased the level of financial risk to the Council as any unforeseen costs have to be absorbed within the agreed fixed cost budget unless there are qualifications within the agreement.

The financial deficit for the year ended 31 March 2017 was £2.432 million (£2.852 million in 2015/16).

Total Capital Expenditure incurred and funded by the Harbour Grant during the year was £290,000. This forms part of a three year programme to 2016/17 for works at the harbour, barrage and surrounding environmental infrastructure. Works included in the programme were: catamaran survey vessel, twin skipper barge, public realm improvements and oil pollution collection equipment.

Key Achievements

During 2016-17 Cardiff Harbour Authority continued to work hard to meet its statutory obligations. The achievements against the Harbour Authority action plan and performance indicators are reported quarterly to the Welsh Government and are highlighted below:

- Successful dredging campaigns carried out in July 2016 and January 2017.
- Regional Tourism Engagement Fund funding for the installation of the Enormous Crocodile on the Barrage as part of the Roald Dahl Anniversary.
- Inner harbour improvements saw new commercial operator huts installed.
- High level compliance in maintaining statutory water quality standards comprising over 400,000 readings with excellent monitoring regime and mitigation measures in place.
- Two hundred and ninety four tonnes of litter removed from the rivers and bay.
- Cardiff International White Water (CIWW) gained Duke of Edinburgh Accredited Centre license and hosted Duke of Edinburgh Royal Diamond Jubilee visit.
- Cardiff Bay Water Activity Centre (CBWAC) continued to increase income for the 5th year.
- Following the establishment of the Cardiff & Vale Rowing Academy, the club had its first two athletes represent Wales this year.
- Record entry for the Welsh Schools and Welsh Indoor Rowing Championships with over 1,200 competitors over two days.

Annual Governance Statement

The Cardiff Harbour Authority is not a separate entity to the Council and the financial transactions and systems, governance and controls of the Cardiff Harbour Authority are integrated into those of the Council. For reference, the Annual Governance Statement can be found with the Statement of Accounts for the Council. The financial statements that follow are an extract from the accounts of the County Council of the City and County of Cardiff, where such transactions can be identified separately without significant cost. The extract has been amended to remove those entries required by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 that are not recognised by International Financial Reporting Standards.

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

The Corporate Director Resources Responsibilities

The Corporate Director Resources is responsible for the preparation of the Statement of Accounts in accordance with the requirements of the Harbours Act 1964.

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the requirements of the Harbours Act 1964.

The Corporate Director Resources has also:

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

The Corporate Director Resources Certificate

The financial statements for the Cardiff Harbour Authority give a true and fair view of the financial position of the Authority at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Christine Salter
Corporate Director Resources

Date: 28 September 2017

Audit Report of the Auditor General to those Charged with Governance of Cardiff Harbour Authority

I have audited the accounting statements and related notes of Cardiff Harbour Authority for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's accounting statements comprise the Comprehensive Income and Expenditure Statement and the Balance Sheet.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 187, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of Cardiff Harbour Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Opinion on other matters

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

Matters on which I report by exception

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

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

Certificate of completion of audit

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

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
29 September 2017

24 Cathedral Road
Cardiff
CF11 9LJ

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Accounting policies

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). A number of the accounting policies used in preparing these accounts, along with any critical assumptions and sources of estimation used are the same as those for the accounts of the Council. Whilst these are not replicated in full, the key policies applied are below:-

Accounting policies used when formulating the accounts

1. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when the cash payments are made or received. Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

2. Employee Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Harbour Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to expenditure.

3. Grants - Revenue

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

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

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not yet been satisfied are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement. Where there is no reasonable assurance that the conditions will be met, any cash received will not be recognised as a receipt of grant monies but as a repayment due to the awarding body. The cash received is held on the Balance Sheet as a liability.

4. Grants and Contributions – Capital

Grants and contributions that are applied in the year to fund capital schemes are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement.

5. Inventories

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

6. Operating Leases

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

7. Overheads and Support Services Costs

The Council makes recharges in respect of the cost of support services to the Cardiff Harbour Authority. The total absorption costing principle is used so that the full cost of overheads and support services are shared between users in proportion to the benefits received.

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

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

Recognition:

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

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

Measurement:

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

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

- infrastructure assets, community assets and assets under construction are included at depreciated historical cost.
- Heritage Assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs.

Revaluation:

Assets included in the Balance Sheet at fair value are revalued as part of a three year rolling programme.

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation.

Charges to Revenue for Non-Current Assets:

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

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

The Harbour Authority does not receive grant for depreciation or any other accounting adjustments for non-current assets.

Impairment and Downward Revaluation:

Assets are assessed at each year-end as to whether there is any indication that an asset may be reduced in value, either due to a reduction in service potential (impairment) or general market fluctuations (downward revaluation). Where either type of loss is identified, they are accounted for, as follows:

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

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

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, heritage and community assets) as well as assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset category	Initial Useful Life in years
Intangible Assets	5
Land	n/a
Buildings	17-65
Vehicles, Plant, Furniture and Equipment	7
Infrastructure **	10-120
Community Assets, Investment Properties, Heritage Assets, Surplus Assets and Assets Held for Sale	n/a

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

9. Reserves

The Harbour Authority holds one usable reserve. It is used to hold accumulated operational surpluses which can be used to fund future expenditure commitments and as a contingency against unforeseen events. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Harbour Authority.

10. Value Added Tax

The Harbour Authority does not have a separate VAT registration to the Council and, apart from certain cases where the Harbour Authority funds supplies of goods or services to other persons or organisations, the Harbour Authority is reimbursed for VAT. The revenue accounts have, therefore, been prepared exclusive of this tax.

Guide to the Financial Statements

Comprehensive Income and Expenditure Statement

This statement provides information on how the Harbour Authority has performed throughout the year and as a result, whether or not their operations have resulted in a surplus or a deficit.

Balance Sheet

This statement provides a snapshot of the financial position at 31 March, showing what the Harbour Authority owns and owes.

Cashflow Statement

A Cashflow Statement has not been provided, in accordance with Section 394 of the Companies Act 2006. Information in relation to the cashflows of the Harbour Authority can be found within the Council's Statement of Accounts.

Notes to the Core Financial Statements

These notes provide any further analysis required to explain those figures contained in the financial statements.

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

2015/16 £000		2016/17 £000
	Income	
(5,930)	Government Grants	(5,533)
(312)	Capital Grants Applied	(290)
(876)	Fees and Charges	(959)
(7,118)	Total Income	(6,782)
	Expenditure	
2,616	Employees	2,736
1,461	Premises	1,317
172	Transport	92
2,049	Supplies and Services	1,652
558	Support Services	475
3,114	Capital Charges	2,942
9,970	Total Expenditure	9,214
2,852	Net Expenditure for the Year	2,432

Cardiff Harbour Authority

Balance Sheet as at 31 March 2017

31 March 2016 £000		Note Ref	31 March 2017 £000
	<u>Property, Plant and Equipment</u>		
6,691	Land and Buildings	2	6,634
404	Vehicles, Plant, Furniture & Equipment	2	593
160,876	Infrastructure	2	158,439
1,103	Community Assets	2	1,103
358	Investment Assets	2	333
0	Assets under Construction (AUC)	2	176
169,432			167,278
56	Heritage Assets	2	56
64	Intangible Assets	2	0
169,552	Long-term Assets		167,334
382	Stocks and Work in Progress	3	343
589	Debtors	4	30
2,272	Cash		497
3,243	Current Assets		870
(2,558)	Creditors	5	(399)
(2,558)	Current Liabilities		(399)
170,237	Net Assets		167,805
	Reserves:		
165,649	General Reserve	1	163,217
4,588	Revaluation Reserve	1	4,588
170,237	Total Reserves		167,805

Notes to the Core Financial Statements

1. Reserves

2016/17	General Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April 2016	165,649	4,588
Movements in Reserves	(2,432)	0
Closing Balance at 31 March 2017	163,217	4,588

Comparative movements for 2015/16:

2015/16	General Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April 2015	168,501	4,933
Movements in Reserves	(2,852)	(345)
Closing Balance at 31 March 2016	165,649	4,588

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £591,000 as at 31 March 2017 (£756,000 as at 31 March 2016).

2. Movements in Property, Plant, Equipment & Other Long Term Assets

Long term assets are primarily Property, Plant and Equipment, with movements analysed in the table that follows.

2016/17	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Investment Assets £000	PP&E under construction £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Cost or Valuation									
At 1 April 2016	6,749	665	218,658	1,103	358	0	227,533	56	319
Additions	0	331	0	0	0	176	507	0	0
Impairment losses/reversals to RR *	0	0	0	0	0	0	0	0	0
Impairment losses / reversals to CIES **	0	0	0	0	0	0	0	0	0
Derecognition - disposals	0	0	0	0	0	0	0	0	0
Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0
Revaluation increases /(decreases) to RR*	0	0	0	0	0	0	0	0	0
Revaluation increases /(decreases) to CIES**	0	0	0	0	(25)	0	(25)	0	0
At 31 March 2017	6,749	996	218,658	1,103	333	176	228,015	56	319
Depreciation									
At 1 April 2016	58	261	57,782	0	0	0	58,101	0	255
Depreciation charge	57	142	2,437	0	0	0	2,636	0	64
Depreciation written out on impairment	0	0	0	0	0	0	0	0	0
Derecognition -disposals	0	0	0	0	0	0	0	0	0
Depreciation written out to CIES **	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2017	115	403	60,219	0	0	0	60,737	0	319
Net Book Value:									
At 31 March 2017	6,634	593	158,439	1,103	333	176	167,278	56	0
At 31 March 2016	6,691	404	160,876	1,103	358	0	169,432	56	64

Cardiff Harbour Authority

* RR = Revaluation Reserve

**CIES = Comprehensive Income and Expenditure Statement

Comparative movements for 2015/16:

2015/16 Restated	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Investment Assets £000	PP&E under construction £000	Total Property, Plant & Equipment £000	Heritage Assets £000	Intangible Assets £000
Cost or Valuation									
At 1 April 2015	7,774	504	218,563	1,103	475	0	228,419	56	319
Additions	55	161	95	0	0	0	311	0	0
Impairment (losses)/reversals to RR*	(445)	0	0	0	0	0	(445)	0	0
Impairment (losses) / reversals to CIES **	(325)	0	0	0	0	0	(325)	0	0
Disposals	0	0	0	0	(117)	0	(117)	0	0
Revaluation increases /(decreases) to RR*	(142)	0	0	0	0	0	(142)	0	0
Revaluation increases /(decreases) to CIES**	(168)	0	0	0	0	0	(168)	0	0
At 31 March 2016	6,749	665	218,658	1,103	358	0	227,533	56	319
Depreciation									
At 1 April 2015	242	166	55,345	0	0	0	55,753	0	191
Depreciation charge	57	95	2,437	0	0	0	2,589	0	64
Depreciation written out on impairment	(20)	0	0	0	0	0	(20)	0	0
Disposals	0	0	0	0	0	0	0	0	0
Depreciation written out on revaluation	(221)	0	0	0	0	0	(221)	0	0
At 31 March 2016	58	261	57,782	0	0	0	58,101	0	255
Net Book Value:		0							
At 31 March 2016	6,691	404	160,876	1,103	358	0	169,432	56	64
At 31 March 2015	7,532	338	163,218	1,103	475	0	172,666	56	128

* RR = Revaluation Reserve

**CIES = Comprehensive Income and Expenditure Statement

3. Stock

Movements in stock during the financial year are as follows:

	2015/16 £000	2016/17 £000
At 1 April 2016	485	382
Stock written off to the CI&E	(103)	(39)
Balance carried forward	382	343

4. Debtors

	31 March 2016 £000	31 March 2017 £000
Central Government Bodies	513	30
Trade Receivables	76	0
Total	589	30

5. Creditors

	31 March 2016 £000	31 March 2017 £000
Central Government Bodies	(1,978)	(77)
Trade Payables	(580)	(322)
Total	(2,558)	(399)

Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – The County Council of the City and County of Cardiff

Audit year: 2016-17

Date issued: September 2017

Document reference: **488A2017**

This document has been prepared as part of work performed in accordance with statutory functions.

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The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the County Council of the City and County of Cardiff (the Council) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative level at which we judge such misstatements to be material for the Council's accounts is £11.7 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received an initial draft of the draft financial statements for the year ended 31 March 2017 on 15 June 2017 in line with the agreed deadline and have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
- **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017-18.
- **There are two other matters discussed and corresponded upon with management which we need to report to you.** In 2015-16 officers accepted our recommendation to review the classification of Investment properties to ensure they fully meet the Code's definitions. The first part of a comprehensive review was to revalue all investment properties and this has been completed in 2016-17. The second part to be carried out by officers in 2017-18 will be to consider each investment property against the Code's definitions, and we will work closely with officers to inform this review. Officers have not made any changes to the classification of investment properties in the 2016-17 accounts.

We also flagged to officers that improvements are needed in the description of assets and, in particular, infrastructure assets within the Council's fixed assets registers. This will ensure that assets are more clearly identifiable,

can be tracked year to year, and officers can confirm they are accounted for and depreciated correctly in line with the Council's accounting policies.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of the County Council of the City and County of Cardiff (the Council) for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA Code of Practice on Local Authority Accounting in the UK 2016-17; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all known partnerships and joint working/ collaborative arrangements that would impact on the financial statements.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Council have been reviewed and are properly treated within the final accounts in accordance with the CIPFA guidance.

The provisions of the Council have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Council has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards and the CIPFA Code.

The financial statements are free of material misstatements, including omissions. There were no uncorrected misstatements.

Representations by the Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the County Council of the City and County of Cardiff on XX September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of
management]

Date:

Signed by:

[Officer or Member who signs on behalf
of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General to the Members of the County Council of the City and County of Cardiff

I have audited the accounting statements and related notes of:

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

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

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

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

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

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

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

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting

policies are appropriate to the County Council of the City and County of Cardiff; the County Council of the City and County of Cardiff Group and the Cardiff and Vale of Glamorgan Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

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

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

In my opinion, the Pension Fund accounts and related notes:

- give a true and fair view of the financial transactions of Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

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

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of

Huw Vaughan Thomas

Auditor General for Wales

[Date]

24 Cathedral Road

Cardiff

CF11 9LJ

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£31,440,000	Balance Sheet - Increase to Pensions Liability, corresponding decrease in Net Assets at 31 March 2017. Equalised by matching increase to negative Pensions Reserve balance.	Journals posting the actuarially assessed long-term Pension Liability relating to the Local Government Pension Scheme were incorrect and the resulting Pension Liability disclosed on the draft balance sheet did not agree to the actuarially assessed liability.
£3,257,000	Comprehensive Income and Expenditure Statement – Gain on Sale of Non-Current Assets increases within Other Operating Expenditure. Matched by decrease in Gross Income for Housing Revenue Account within Net Cost of Services.	Receipts arising from sale of HRA properties had been incorrectly posted within the directorate net expenditure. Reclassification moves the receipt into the correct disclosure line.
£1,457,000	Balance Sheet – re-analysis of Insurance Provision balance between liabilities payable within 12 months and over 12 months.	Incorrect calculation of the split of liabilities.
£1,079,000	Comprehensive Income and Expenditure Statement – decrease in Gross Expenditure for Education Directorate within Net Cost of Services. Matched by decrease in Revaluation Reserve balance on Balance Sheet.	Revaluation of three schools incorrectly charged the negative revaluation partly against Gross Expenditure for Education Directorate within Net Cost of Services. The correct accounting treatment was write-back of existing Revaluation Reserve balances relating to these three schools.

Value of correction	Nature of correction	Reason for correction
£897,000	Balance Sheet – increase in Property, Plant and Equipment balance, Other Land and Buildings category. Matched by adjustments on Revaluation Reserve balance and Capital Adjustment Account balance on Balance Sheet.	Construction costs for new high school site to be jointly used with Cardiff and Vale College were not correctly accounted for at year-end – the Council correctly accounted for expenditure incurred but did not uplift the value of the site land in line with the agreed arrangements on accounting for the original land transfer.
Various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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Auditor General for Wales

Audit of Financial Statements Report – Cardiff & Vale of Glamorgan Pension Fund

Audit year: 2016-17

Date issued: September 2017

Document reference: **490A2017**

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are no issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Cardiff & Vale of Glamorgan Pension Fund (the Pension Fund) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative level at which we judge such misstatements to be material for the Pension Fund is £19.98 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Pension Fund, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 15 June 2017 in line with the agreed deadline, and have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and generally easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017-18.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Cardiff & Vale of Glamorgan Pension Fund that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff & Vale of Glamorgan Pension Fund for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

I confirm that to the best of my knowledge and belief, having made enquiries as I consider sufficient, I can make the following representations to you.

Management representations

Responsibilities

I have fulfilled my responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the 2016-17 Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff & Vale of Glamorgan Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There were no uncorrected misstatements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by County Council of the City and County of Cardiff on XX September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General to the Members of the County Council of the City and County of Cardiff

I have audited the accounting statements and related notes of:

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

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

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

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

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

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

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

Scope of the audit of the accounting statements

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

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

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

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

- give a true and fair view of the financial transactions of Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and

- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

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

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of

Huw Vaughan Thomas

Auditor General for Wales

[Date]

24 Cathedral Road

Cardiff

CF11 9LJ

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£3,808,000	Net Asset Statement – Investments at market value	Correction to accurately reflect market values of two investments from the valuer's report.
£1,239,000	Fund Account – other income	Inclusion of capitalised payments originally omitted in error from draft accounts.
£588,000	Net Asset Statement – Current Liabilities: Unpaid Benefits	To reflect accurate reversal of unpaid benefits accrual brought forward from 2015-16.
£63,000	Fund Account – transfers out	Correction of a transposition error.
Various	A number of amendments to narratives and notes to the financial statements have been made to correct transposition errors, cross referencing etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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Reference: 2009.amh.cphaletter

Date issued: 20 September 2017

Dear Committee Members

Cardiff Port Health Authority Annual Return for the year ended 31 March 2017

The Auditor is responsible for providing an opinion:

- on whether the information contained in the Joint Committee's Annual Return for the year ended 31 March 2017 is in accordance with the Auditor General for Wales' requirements; and
- if any matters have come to the Auditor's attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

We received the draft Annual Return for the financial year ended 31 March 2017 in line with the agreed deadline, and have now completed our audit work. We are reporting to you the issues arising from our work.

Audit certificate and opinion

It is our intention to issue an unqualified certificate and report for the year ended 31 March 2017 and there are no matters in respect of the opinion which we wish to draw to your attention.

Qualification issues

There are no qualification issues to report.

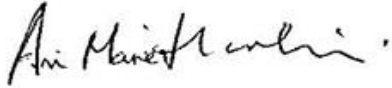
Misstatements in the Statement of Accounts

There were no misstatements found in Section 1: the Statement of Accounts

Other matters not affecting our opinion

There are no other issues outside the scope of our opinion that we wish to draw the attention of the Cardiff Port Health Authority.

Yours sincerely



Engagement Director
Ann-Marie Harkin



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – Cardiff Harbour Authority

Audit year: 2016-17

Date issued: September 2017

Document reference: **489A2017**

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are no issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Cardiff Harbour Authority (the Authority) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative level at which we judge such misstatements to be material for the Authority is £184,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Authority, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 15 June 2017 in line with the agreed deadline, and have now substantially completed the audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work. We will continue to work with officers to make further improvements to the quality of working papers supporting the accounts and audit process, as well as the accounts closure timetable for 2017-18.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that have not been reported to you already.**
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Cardiff Harbour Authority that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Harbour Authority (the Authority) for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements, in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all known partnerships and joint working/collaborative arrangements that would impact on the financial statements.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Authority has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Authority has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The reserves of the Authority have been reviewed and are properly treated within the final accounts in accordance with legislative requirements.

The provisions of the Authority have been reviewed and have been properly treated within the final accounts in accordance with IAS 37.

The Authority has accounted for and disclosed its partnership and joint/collaborative working arrangements in accordance with accounting standards.

The financial statements are free of material misstatements, including omissions. There were no uncorrected misstatements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council on XX September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General to those charged with governance of Cardiff Harbour Authority

I have audited the accounting statements and related notes of Cardiff Harbour Authority for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's accounting statements comprise the Comprehensive Income and Expenditure Statement and the Balance Sheet.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page X, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of Cardiff Harbour Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Opinion on other matters

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

Matters on which I report by exception

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

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

Certificate of completion of audit

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

For and on behalf of

Huw Vaughan Thomas
Auditor General for Wales
[Date]

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£184,000	Balance Sheet – PPE Additions and 31 March AUC balance understated. Matched to decreased Premises Expenditure within Comprehensive Income and Expenditure Statement.	Testing of Premises expenditure within the Comprehensive Income and Expenditure Statement identified capital costs relating to the construction and outfitting of a café for eventual letting to a third party, written off to revenue.
£40,000	Balance Sheet – PPE Additions and 31 March VPFE balance understated. Matched to decreased Premises Expenditure within Comprehensive Income and Expenditure Statement.	Testing of Premises expenditure within the Comprehensive Income and Expenditure Statement identified capital costs relating to the purchase of play equipment, written off to revenue.
£25,000	Comprehensive Income and Expenditure Statement – Capital Charges understated.	Omission of the negative revaluation charge on an investment property accounted for on the Harbour Balance Sheet.
£18,000	Balance Sheet – Creditors overstated. Matched to decreased Premises Expenditure within Comprehensive Income and Expenditure Statement.	Testing of Premises expenditure identified a manual accrual which had been posted to 16-17 but which related to a 17-18 liability and ought therefore to have been omitted from the 2016-17 accounts.

Value of correction	Nature of correction	Reason for correction
Various	A number of minor amendments to narratives and notes to the financial statements have been made to correct comparator figures, ensure supporting notes balance to primary statements, amend cross-references etc.	To ensure that notes are accurate and cross reference within the body of the financial statements.

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The County Council of the City and County of Cardiff

Summary Statement of Accounts 2016/17

Income and Expenditure

The Income & Expenditure Account below presents the cost of running Council Services for the 2016/17 financial year. It also shows where the money came from to finance these costs.

Council Tax:

Council Tax is collected by the Council and includes precepts for the police and community councils where applicable. These precepts are then passed onto the relevant bodies.

Band D Council Tax	£
Cardiff Council	1,060.29
Police & Crime Commissioner for South Wales	207.85
Total	1,268.14
Net Proceeds from Council Tax	£000
Council Tax Collectible	(182,502)
Provision for Non-Payment	2,063
Total Council Tax Income	(180,439)

Total Council Tax income funds just over a quarter of the Council's net expenditure

At the end of March 2017 the provision for bad debt relating to council tax was £5.9m

The council tax collection rate for 2016/17 was 97.5%

Non-Domestic Rates:

Non-Domestic Rates (NDR) are taxes levied based on the value of buildings used in business or for non-domestic purposes. The rates are set by the Welsh Government but collected by the Council. The funds are collected in one pool and redistributed to Councils on the basis of adult population.

	£000
Non-Domestic Rates Collectible	189,057
Cost of Collection Allowance	(896)
Provision for Non-Payment of NDR	(1,696)
Payment into National Pool	186,465
Redistribution from National pool	(105,994)

The Welsh Government 2016/17 NDR rate is 48.6p per pound of the business' rateable value

The net NDR collected by Cardiff for 16/17 totalled £186m. Cardiff received £106m after redistribution

The majority – 55% of total funding for the year 2016/17 is received through Grant from the Welsh Government

Income and Expenditure	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
City Operations	108,517	(52,402)	56,115
Communities, Housing & Customer Services	239,620	(189,528)	50,092
Corporate Management	6,762	(469)	6,293
Economic Development	64,316	(44,397)	19,919
Education & Lifelong Learning	348,120	(100,654)	247,466
Governance & Legal Services	6,912	(2,556)	4,356
Harbour Authority	9,085	(6,537)	2,548
Housing Revenue Account	50,009	(69,938)	(19,929)
Resources	28,636	(9,195)	19,441
Social Services	180,319	(26,432)	153,887
Summary Revenue Account	1,547	(5,078)	(3,531)
Exceptional Item	0	0	0
Net Cost of Services	1,043,843	(507,186)	536,657
Police & Crime Commissioner Precept	29,367	0	29,367
Community Council Precepts	296	0	296
Levies & Contributions	17,034	0	17,034
(Gain)/loss on sale of fixed assets	32,221	(9,009)	(23,212)
Other Operating Expenditure	78,918	(9,009)	69,909
Interest Payable on debt	32,250	0	32,250
Pensions Interest Cost	18,035	0	18,035
Interest & Investment Income	0	(979)	(979)
Change in fair value of Investment Properties	9,105	(18,805)	(9,700)
Financing /Investment Income & Expenditure	59,390	(19,784)	39,606
Recognised Capital Grants & Contributions	0	(41,191)	(41,191)
Revenue Support Grant	0	(320,309)	(320,309)
Non-Domestic Rates	0	(105,994)	(105,994)
Council Tax Income	2,063	(182,502)	(180,439)
Taxation & Non-Specific Grant Income	2,063	(649,996)	(647,933)
(Surplus) on Provision of Services			(1,761)
Revaluation Gains			(26,098)
Revaluation Losses			10,169
Impairment losses on non-current assets charged to the Revaluation Reserve			784
Deficit on revaluation of available for sale financial assets			3,576
Actuarial (gains)/losses on pension assets/liabilities			16,049
Other Comprehensive Income & Expenditure			4,480
Total Comprehensive Income & Expenditure			2,719

Balance Sheet	31 March 2017	£000	£000
Property Plant & Equipment		1,693,015	
Investment Property		132,241	
Heritage & Intangible assets		57,161	
Long-term Investments		13,691	
Long-term Debtors		5,616	
Total Long Term Assets			1,901,724

Short-term Investments	66,124	
Assets held for Sale	80	
Inventories	2,175	
Short-term Debtors	83,754	
Cash and Cash Equivalents	18,776	
Total Current Assets		170,909

Short Term Borrowing	(14,972)	
Short Term Creditors	(87,603)	
Pension Strain	(1,414)	
Provisions	(7,116)	
Deferred Liabilities	(2,846)	
Total Current Liabilities		(113,951)

Long Term Borrowing	(668,028)	
Provisions	(27,821)	
Deferred Liabilities	(14,021)	
Capital Contributions Receipts in Advance	(11,843)	
Revenue Grants Receipts in Advance	(2,016)	
Capital Grants Receipts in Advance	(974)	
Pensions Strain	(3,219)	
Net Pensions Liability	(586,723)	
Total Long Term Liabilities		(1,314,645)

NET ASSETS **644,037**

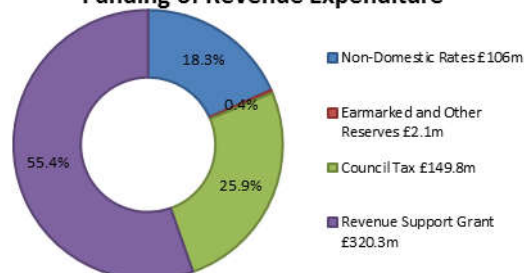
Financed by:

Council Fund Balance	14,255	
Council Fund Earmarked Reserves	59,391	
Housing Revenue Account Balance	8,438	
HRA Earmarked Reserves	4,086	
Capital Receipts Reserve	7,205	
Usable Reserves		93,375

Revaluation Reserve	258,922	
Capital Adjustment Account	876,075	
Deferred Capital Receipts	2,038	
Available for Sale Financial Instruments Reserve	13,235	
Pensions Reserve	(591,356)	
Accumulated Absences Adjustment	(8,252)	
Unusable Reserves		550,662

TOTAL RESERVES **644,037**

Funding of Revenue Expenditure



Movement on Council Fund Balance	£000
Balance at the end of the previous year	15,255
Surplus or (deficit) on the provision of Services (exc. Housing Revenue Account)	(17,268)
Adjustments between accounting basis & funding basis under regulations	23,433
Transfers to/(from) Earmarked Reserves	(7,165)
Increase/(Decrease) in 2016/17	(1,000)
Balance at the end of the current year	14,255

The Council Fund Balance of £14.255m represents accumulated surpluses retained by Cardiff Council	Earmarked Reserves for 16/17 totalled £63.477m, including £13m of Schools Reserves	Earmarked Reserves are sums of money put aside for specific uses. A detailed list can be found in the full Statement of Accounts
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Housing Revenue Account (HRA) £000

Income	
Dwelling rents	(63,253)
Non-dwelling rents	(98)
Charges for services and facilities	(6,067)
Total Income	(69,418)

Expenditure	
Repairs and maintenance	19,959
Supervision and management	19,239
Rents, rates, taxes and other charges	170
Provision for bad and doubtful debts	650
Depreciation, impairment and revaluation of non-current assets	9,407
Sums directed by the Welsh Government that are expenditure in accordance with the Code	25
Debt management costs	39
Total Expenditure	49,489

Net Cost for HRA Services **(19,929)**

HRA share of the operating income and expenditure

(Gain)/loss on sale of HRA non-current assets	(2,088)
Interest payable and similar charges	12,497
Changes in fair value of investment properties	208
Interest and Investment income	(72)
Capital grants and contributions applied	(9,645)
(Surplus) for year on HRA services	(19,029)

Balance on HRA at end of previous year **(8,438)**

(Surplus) for year on HRA services	(19,029)
Adjustments between accounting basis and funding basis under regulations and reserves	15,897
Transfers to/(from) Reserves	3,132

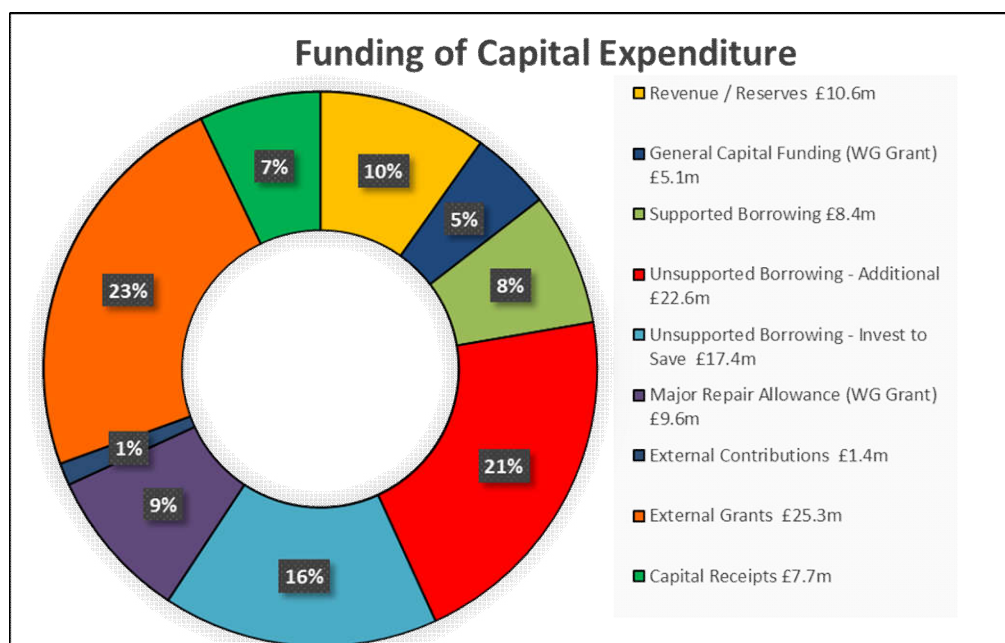
Net increase in the year on the HRA **0**

Balance on HRA at end of current year **(8,438)**

Capital Expenditure:

Capital expenditure represents money spent on improving, acquiring and enhancing assets that are used in the provision of services as well as a number of items determined by legislation. Capital expenditure during the year totalled £108.1 million, with the main items of expenditure described in the table below:

		£m
Housing & Neighbourhood Regeneration	Disabled adaptation grants, allowing people to live independently in their homes, environmental improvements including shop fronts in Grangetown and the start of a comprehensive regeneration scheme for Maelfa Centre in Llanedeyrn.	7.0
Education & Lifelong Learning	Continued investment in a number of schools as part of the 21 st Century Schools Plan including the new Eastern High school, a new high school in the West, three new primary schools and extensions of facilities at a number of schools. Additional investment in the condition of properties to address electrical compliance works.	32.7
Highways & Transportation	Road and footpath resurfacing, road safety improvements, LED street lighting energy efficiency, public transport and telematics. Also Windsor Road bridge replacement, cycling strategy implementation, investment in safe routes in communities, bus priority improvements on A469 and A470 and moving traffic offences expansion as well as other pedestrian and junction improvements.	14.1
Leisure Facilities and Citizen Hubs	Completion of refurbishment of Eastern Leisure Centre, Insole Court and the development of hubs in areas of need including the new STAR hub and pool, Llanedeyrn, Llandaff North and Gabalfa hubs.	7.1
City Development	Land acquisition at Dumballs Road, waste removal at International Sports Village and public realm design to allow regeneration of Central Square.	14.0
Parks and Energy Projects	New 3G football pitches, completion of the wet play area at Victoria Park and Hydro energy generation measures at Radyr Weir.	1.9
Waste Management	Development of Lamby Way household waste recycling facility.	1.9
Housing Revenue Account – Public Housing	Estate regeneration, garage site improvements, investment in stock condition and remodelling, Disabled adaptations, development costs of new build housing and contribution to Citizen Hubs.	24.2
Other	Modernising ICT to improve business process, business investment grants, investment in arts venues, relinquishment of Global Link offices, day centre opportunities strategy and purchase of investment property.	5.2



Treasury Management:

The Council follows the CIPFA Treasury Management Code of Practice. At 31 March 2017, investments of £68.6m are deposited for various maturities with Financial Institutions and borrowing totals £674.0 million.

Counterparty	Country	Investment £000
Bank of Scotland	UK	8,000
Commonwealth Bank of Australia	Australia	12,000
Development Bank Singapore	Singapore	5,000
Goldman Sachs International Bank	UK	10,000
Lloyds - LAMS	UK	1,000
Nationwide Building Society	UK	10,000
Oversea-Chinese Banking Corporation	Singapore	5,000
Santander UK	UK	10,000
Standard Chartered Bank	UK	5,000
Standard Life Investments	Domiciled in Ireland	2,550
Total		68,550

Borrowing 31 March 2017

	Principal (£m)
Public Works Loan Board	617.2
Market and Other	56.8
Total Fixed Debt	674.0

The information contained in this summary is from the 2016/17 Statement of Accounts of Cardiff Council. The Accounts are available on the Cardiff Council website www.cardiff.gov.uk

Annexes B & C to this Appendix are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

The County Council of the City and County of Cardiff

Treasury Management Annual Report 2016/17



Introduction

1. Treasury management activities are the management of an organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council carries out its treasury management activities in accordance with a code developed for public services in 2011 by the Chartered Institute of Public Finance and Accountancy (CIPFA).
3. On 25th February 2010, Council approved policies and adopted the four clauses of the treasury management code which are replicated in **Annexe A** for information. Council received a report in February 2016 on the Council's Treasury Management Strategy for 2016/17 and a mid year review in November 2016.
4. This report provides members with an annual report for the Council's Treasury Management activities for 2016/17. It covers:-
 - the economic background to treasury activities
 - investment strategy and outturn for 2016/17
 - borrowing strategy and outturn for 2016/17
 - debt rescheduling
 - compliance with treasury limits and prudential indicators
 - treasury management issues for 2017/18
5. Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and practices to be undertaken by the Council's Audit Committee. A number of reports were submitted to the Committee to note and review during the year, with each committee receiving a report on the position and performance of treasury investments and borrowing. Member training has also been undertaken to support Members' scrutiny role.

Economic Background

6. The UK EU referendum on 23 June pushed back market expectations of a rate rise with the Monetary Policy Committee (MPC) actually reducing bank rate from 0.5% to 0.25% in August 2016. Quantitative easing and was re-introduced and further funding was made available to banks, reducing interest rates available on investments. UK Growth has remained strong and inflation has risen rapidly due to the effects of price increases following the fall in the sterling exchange rate. This has meant further base rate reductions were unnecessary. During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising during quarter 3. The long term forecast is for borrowing rates to rise.

Investments and Outturn

7. The management of the day-to-day cash requirements of the Council is undertaken in-house with credit advice from Capita Asset Services, the Council's Treasury

Management Advisors. This may involve temporary borrowing pending receipt of income/long-term funds or the temporary lending of surplus funds. These temporary surplus funds fluctuate daily and arise from a number of sources including differences in timing of revenue and capital cash flows, reserves, provisions and other balances held for future use.

8. The Council invests with institutions listed on the Council's approved lending list and in accordance with investment guidelines established by the Welsh Government as reflected in the Council's investment strategy. Lending to these institutions is subject to the time and size limits laid down on that list. The categories, names, periods and size limits on this list can be extended, varied or restricted at any time by the Section 151 Officer under delegated powers and are monitored closely in conjunction with the Council's treasury advisors.
9. An extract from the investment strategy approved by Council in February 2016 is shown below.

Given the likelihood of internal borrowing and the interest rate forecasts identified above, longer-term investments above one year will be unlikely. The Debt Management Agency Deposit Facility will be used only as a last resort.

10. At 31 March 2017, investments stood at £68.6 million, with a short term investment strategy employed for most of the year. The Council's choice of investments maintained an approach of security where the amount invested is that repayable. **Annexe B** shows with whom these investments were held.
11. A selection of performance indicators and benchmarking charts in relation to investments is included in **Annexe C**. The main areas to highlight at 31 March 2017 are as follows:-
 - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2017 no exposure limits set were breached. This was also the case during the course of the year.
 - Investments held with different institutions as a percentage of the total shows that investments are diversified over a number of organisations and this was a strategy applied where possible during the course of the year.
 - The geographic spread of investments as determined by the country of origin of relevant organisations. All investments are in sterling and countries are rated AA and above as per our approved criteria.
12. Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2017, the probability of any default is low at circa 0.013% of the investments outstanding, £8,912.
13. All investments held at 31 March 2017 are deemed recoverable. Accordingly, no impairment losses are reflected in the Council's 2016/17 Statement of Accounts arising from the Council's treasury management activities.
14. The overall level of interest receivable from treasury investments totalled £0.6 million in 2016/17. The returns achieved compared to industry benchmarks are shown in the table below.

	Return on Investment 2015/16		Return on Investment 2016/17	
	Benchmark 7day / 3month (%)	Achieved (%)	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.36/ 0.46	0.70	0.20/ 0.32	0.62

15. The benchmarks are the average of the 7 day London Interbank Bid Rate (LIBID) and 3 month LIBID respectively. These represent the average rate during the course of the year for investments for those periods. Performance exceeded benchmarks, due to availability of notice accounts offering higher deposit rates and undertaking longer term deposits where appropriate.

Borrowing and Outturn

16. Long term borrowing is undertaken to finance the Council's capital programme. The main sources of borrowing are currently the Public Works Loan Board (PWLB) and the Money Markets.
17. At 31 March 2017, the Council had £674 million of external borrowing. This was predominantly fixed interest rate borrowing payable on maturity.

31 March 2016			31 March 2017	
£m	Rate (%)		£m	Rate (%)
612.8		Public Works Loan Board (PWLB)	617.2	
52.0		Market	51.0	
0.5		Welsh Government	3.0	
0.8		Other	2.8	
666.1	4.84	Total External Debt	674.0	4.74

18. Total interest payable on external debt during 2016/17 was £32.3 million of which £12.5 million was payable by the Housing Revenue Account (HRA). In total £32.7 million was set aside from General Fund and HRA revenue budgets in line with the Councils approved policy on provision for debt repayment.
19. Extracts from the borrowing strategy approved by Council in February 2017 are shown below.

The Council will aim to manage its debt portfolio on a long-term basis with a high regard to the effects on current and future Council Tax and Rent Payers.

The Council's Borrowing Strategy for 2016/17 and the capital financing revenue budgets included in the MTFP will consider all options to meet the long-term aims of:

- *Promoting revenue cost stability to aid financial planning and avoid a stop-start approach to service delivery, although it is recognised that this may have a financial impact.*
- *Pooling borrowing and investments to ensure the whole Council shares the risks and rewards of treasury activities.*
- *Reduction over time in the average rate of interest on overall Council borrowing*
- *Ensuring any refinancing risk is manageable each financial year, using opportunities to re-profile borrowing where cost effective to do so both in the short and long term.*
- *Ensuring borrowing plans are aligned to known capital expenditure spending plans, the useful life of assets created, financial reserve levels and consistent with the prudent provision for the repayment of any such expenditure paid for by borrowing.*

External verses internal borrowing

Whilst interest rates for borrowing are greater than interest rates the Council receives for investments (the cost of carry), it makes financial sense to use any internal cash balances held in the short-term to pay for capital expenditure and minimise costs (Internal Borrowing), rather than undertake external borrowing. However, there is a risk that the Council may have to borrow at higher rates when it does actually need to borrow in future and so this position is kept under continuous review.

A high level balance sheet review undertaken at a point in time suggests that a maximum level of internal borrowing is circa £70 million. However this is dependent on cash flows, the timing of use of General and Earmarked Reserves and provisions and longer term pressures in the MTFP.

The forecast level of internal borrowing at 31 March 2016 in relation to the CFR is deemed manageable. However, based on the current forecasts of future capital expenditure plans and high level analysis of the sustainability of internal borrowing from the Council's balance sheet position for future years, external borrowing will be required to be undertaken in the medium term.

Whilst investment rates remain lower than long term borrowing rates internal borrowing will be used to minimise short-term costs where possible.

20. During 2016/17 borrowing of £14.6 million was undertaken. £10 million from PWLB at 2.53% and a further £4.6 million of interest free borrowing from Welsh Government and Salix for specific capital schemes. Together with the natural maturity of £6.8m of primarily PWLB loans, the overall effect of new borrowing during the year was to reduce the average rate on the Council's borrowing to 4.74% at the 31 March 2017.
21. As part of its loan portfolio, the Council has 6 Lender Option Borrower Option (LOBO) loans totalling £51 million. These are where the lender can request a change in the rate

of interest payable by the Council on pre-determined dates. The Council at this point has the option to repay the loan. Apart from the option to increase rates these loans are comparable to PWLB and have no other complications such as variation in interest rates or complex terms.

22. Interest rates on the LOBO's held range between 3.81% and 4.35% which are not unreasonable and are below the Council's average rate of interest payable. Details of the loans are shown in the table below.
23. None of the LOBO's had to be repaid during 2016/17. However £24 million of the LOBO's are subject to the lender potentially requesting a change in the rate of interest payable every six months which could trigger early repayment. A further £5 million and £22 million have call options in January 2018 and November 2020 respectively and every five years thereafter. This is a manageable refinancing risk as LOBO's form a relatively low proportion of the Council's overall borrowing at 7.57%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.28%	21/05/2017	6 months	21/11/2041
6	4.35%	21/05/2017	6 months	21/11/2041
6	4.06%	21/05/2017	6 months	23/05/2067
6	4.08%	01/09/2017	6 months	23/05/2067
5	4.10%	15/01/2018	5 years	17/01/2078
22	3.81%	21/11/2020	5 years	23/11/2065

24. In accordance with the strategy, the Council has been undertaking internal borrowing which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. This is confirmed by a comparison of the Council's external level of debt and Capital Financing Requirement at 31 March 2017 as shown later in this report.

Debt Rescheduling

25. No debt rescheduling or early repayment of debt was undertaken during 2016/17. The main obstacle remains the level of premium (penalty) that would be chargeable on early repayment by the PWLB. The premium payable on the balance of PWLB loans at 31 March 2017, which are eligible for early repayment (£424 million) is £305 million. This premium is payable primarily because:-

- Interest rates on loans of equivalent maturities compared to those held are currently lower
- A penalty rate or lower early repayment rate was introduced by HM Treasury in November 2007, which increased the cost of premiums and reduced flexibility of Local Authorities to make savings. This has been a significant thorn in the ability of local authorities to manage debt more effectively.

26. Whilst the cost of Premiums can be spread over future years, options for restructuring that have been considered previously, but result in an adverse Net Present Value (NPV). Whilst there may have been short terms savings, these were outweighed by potentially longer term costs and not deemed cost effective.

Compliance with treasury limits and prudential indicators

27. During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the annual Treasury Management Strategy. The actual outturn for 2016/17 Prudential Indicators is shown in the following paragraphs and compared to the original estimates contained in the 2016/17 Budget Report. Future year's figures are taken from the Budget Report for 2017/18 and will be updated in the Budget Report for 2018/19.

Capital Expenditure

28. The "Prudential Code" requires the Council to estimate the capital expenditure that it plans to incur over the Medium Term. The actual capital expenditure incurred in 2016/17 and reported in the Outturn Report to Cabinet in June 2017 and estimates of capital expenditure for the current and future years as set out in the Budget Report of February 2017 are as follows:-

Capital Expenditure

	2016/17 Actual	2016/17 Original Estimate	2017/18 Estimate Month 4	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
General Fund	84	89	117	81	18
HRA	24	25	33	31	24
Total	108	114	150	112	42

Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

29. Where capital expenditure has been incurred without a resource to pay for it immediately e.g. via capital receipts, grants or other contributions, this will increase what is termed the Council's Capital Financing Requirement (CFR) or its need to undertake borrowing. The Council is required to make an annual prudent provision for the repayment of historic capital expenditure from its revenue budget. This reduces the CFR. Calculation of the CFR is summarised in the following table.

	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts received to pay for capital expenditure
-	Prudent Minimum Revenue Provision & Voluntary Repayment
=	Closing Capital Financing Requirement (CFR)

30. It is the CFR that results in the need to borrow and it is important to note that any financial deficit and liabilities of the HRA are ultimately liabilities of the Council. It should be noted that the CFR figures quoted below exclude non cash backed provisions in relation to Landfill after care provision. This relates to future expenditure obligations over a 60 year period.
31. The CFR as at 01 April 2016 was £709 million. The actual CFR as at 31 March 2017, estimates for current and future years (estimated in the February 2017 budget) are shown in the table below:-

Capital Financing Requirement (Excludes landfill provision)

	31.03.2017	31.03.2017	31.03.2018	31.03.2019	31.03.2020
	Actual	Original	Estimate	Estimate	Estimate
	£m	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
General Fund	450	459	476	472	462
HRA	274	279	282	291	292
Total CFR	724	738	758	763	754
External Debt	674				
Over / (Under) Borrowing	(50)				

32. By comparing the CFR at 31 March 2017 (£724 million) and the level of external debt at the same point in time (£674 million), it can be seen that the Council is temporarily using circa £50 million of internal cash balances to finance the Capital Programme at 31 March 2017 (£43 million at 31 March 2016).
33. As set out in the February 2017 Budget Report, the CFR for the General Fund is forecast to increase over the next three years due to increasing investment in the current Capital Programme which includes increasing levels of additional borrowing for invest to save schemes. These forecasts will be updated in the 2018/19 Budget Report.
34. The Housing Revenue Account CFR at 31 March 2017 is £274 million. As part of the Housing Finance Reform voluntary agreement with WG and HM Treasury, a debt cap (limit of indebtedness) was set for this figure to be no higher than £316 million. The Council remained within the HRA debt cap at 31 March 2017.

Actual External Debt

35. The Code requires the Council to indicate its actual external debt at 31 March 2017 for information purposes. This was £674 million as shown in the earlier paragraphs.

Affordable Borrowing Limit

36. The Council has a statutory duty under section 3 of the Local Government Act 2003 and supporting regulations to determine and keep under review how much it can afford to borrow and to enter into credit arrangements (the "Affordable Borrowing Limit"). This

cannot be breached without Council approval. Council must have regard to the Prudential Code when setting this limit which is intended to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax/rent levels is affordable.

37. During 2016/17 the Council remained within the authorised limit of £780 million set for that year.

Operational Boundary

38. The operational boundary is the estimated level of external borrowing and is subject to the timing of borrowing decisions. The boundary was originally estimated at £738 million to match the forecast for the CFR when setting the 2016/17 budget, but the actual level of external debt equalled £674 million reflecting the strategy to utilise internal borrowing in the short term.

Maturity Structure of Fixed Rate Borrowing

39. The maturity structure remains within the limits below approved as part of the 2016/17 strategy below. These limits are set to avoid having large amounts of debt maturing in a short space of time, thus being exposed to significant liquidity risk and interest rate risk.

	31-Mar-16		Upper limit	31-Mar-17			
				Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	1.0	6.7	10.0	0.9	6.0	5.2	35.0
12 months and within 24 months	0.8	5.6	10.0	0.6	4.0	0.6	4.0
24 months and within 5 years	0.9	5.7	15.0	1.5	9.9	4.7	31.9
5 years and within 10 years	3.1	20.3	20.0	3.6	24.2	3.6	24.2
10 years and within 20 years	21.6	144.2	30.0	22.6	152.2	22.6	152.2
20 years and within 30 years	24.6	164.0	35.0	24.5	165.0	22.7	153.0
30 years and within 40 years	26.8	178.7	35.0	30.9	208.7	31.0	208.7
40 years and within 50 years	18.6	123.9	35.0	12.9	87.0	9.6	65.0
50 years and within 60 years	1.8	12.0	15.0	1.8	12.0	0.0	0.0
60 years and within 70 years	0.8	5.0	5.0	0.7	5.0	0.0	0.0

40. The maturity profile of the Council's borrowing as at 31 March 2017 is also shown in a chart in **Annexe D**. Unless the Council's LOBO loans are repaid early, very little debt matures within the next 10 years. In the medium to long term, efforts will be made to restructure loans maturing in 2056/57 and to review LOBO maturities in order to reduce refinancing risk.

Ratio of financing costs to net revenue stream

41. This indicator is an indicator of the affordability of historic and future capital investment plans and shows the proportion of the Council's net revenue stream that is subsumed

each year in servicing debt financing costs. Financing costs include, interest payable and receivable on treasury management activities, prudent revenue budget provision for repayment of capital expenditure paid for by borrowing and re-imburement of borrowing costs from directorates in respect of Invest to Save schemes.

42. For the General Fund, net revenue stream is the sum of non-specific WG Grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers.

Ratio of Capital Financing Costs to Net Revenue Stream					
	2016/17	2016/17	2017/18	2018/19	2019/20
	Original Estimate	Actual	Estimate	Estimate	Estimate
	%	%	%	%	%
General Fund	6.08	6.00	5.77	5.80	5.92
HRA	31.17	30.46	30.53	30.89	30.97

43. Whilst the indicator above is required by the Prudential Code, it has a number of limitations:

- it does not take into account the fact that some of the Council's budget is outside of its direct control
- it is impacted by transfers in and out of the settlement.
- it includes investment income which is unpredictable, particularly in future years.
- it does not reflect gross capital financing costs for schemes where additional borrowing is undertaken to be repaid from within directorate budgets.

44. Although there may be short term implications, approved invest to save schemes are intended to be net neutral on the capital financing budget. However there are risks that the level of income, savings or capital receipts anticipated from such schemes will not materialise and would have a detrimental long term consequence on the Revenue budget. This requires careful monitoring when considering future levels of additional borrowing.

45. Accordingly additional local indicators were developed and are shown in the table below for the period up to 2021/22. These indicators, which will be updated in the budget proposals report for 2018/19, show capital financing costs of the Council as a percentage of its controllable budget and excludes treasury investment income on temporary cash balances:-

Capital Financing Costs as percentage of Controllable Budget									
	2011/12	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Difference 11/12-21/22
	Actual	Original Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	%
	%	%	%	%	%	%	%	%	
Net	13.47	15.79	15.10	14.77	15.29	15.78	17.11	18.32	36.01
Gross	15.17	19.94	18.95	19.44	20.13	20.51	22.00	23.19	52.87

46. Whilst the method on which the above indicator is based continues to be refined, it is a useful measure of risk to affordability. An increasing ratio indicates that a greater percentage of the budget that is controllable is required for capital financing costs which are committed in the long term. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. Careful monitoring of these indicators will be required over the life of the Capital Programme and the Medium Term Financial Plan.

Principal Invested for over 364 days

47. An upper limit for principal invested over 364 days was set at £60 million and this was not breached during the year, primarily due to the strategy adopted of minimising the period for which investments were made during 2016/17.

Treasury Management issues for 2017/18

48. Whilst this report is primarily in relation to Treasury Activities for 2016/17, some key issues for 2017/18 are :-

- Implementation of Markets in Financial Instruments Directive II (MiFID II) from January 2018 to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Whilst there is likely to be additional administrative costs to the Council, as highlighted in the approved February 2017 Treasury Management Strategy, the Council will aim to secure professional status with each organisation it invests with. Not doing so may limit the products and interest rates offered by financial institutions for what may be similar risk.
- CIPFA consultation on updates to the Prudential Code and Treasury Management Code of Practice.

49. In accordance with the Council's Treasury Management Policy, Council will a further update on Treasury Management issues as part of the 2017/18 Mid-Year Treasury Management report in November 2017.

Christine Salter

Corporate Director Resources

13 September 2017

The following Annexes are attached:-

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management

Annexe B – Investments at 31 March 2017

Annexe C – Investment charts at 31 March 2017

Annexe D – Maturity analysis of debt as at 31 March 2017

Mae'r dudalen hon yn wag yn fwriadol

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010

Council's treasury management Policy / Activities

1. This Council defines its treasury management activities as: the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management

Four Clauses of Treasury Management

4. In compliance with the First Clause, this Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
5. In compliance with the Second Clause, this Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after the year's close, in the form prescribed in its TMPs.
6. In compliance with the Third Clause, this Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Corporate Director Resources in accordance with existing delegations, who will act in accordance with the Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
7. In compliance with the Fourth Clause, this Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Panel due to the technical nature of the documents.

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Document is Restricted

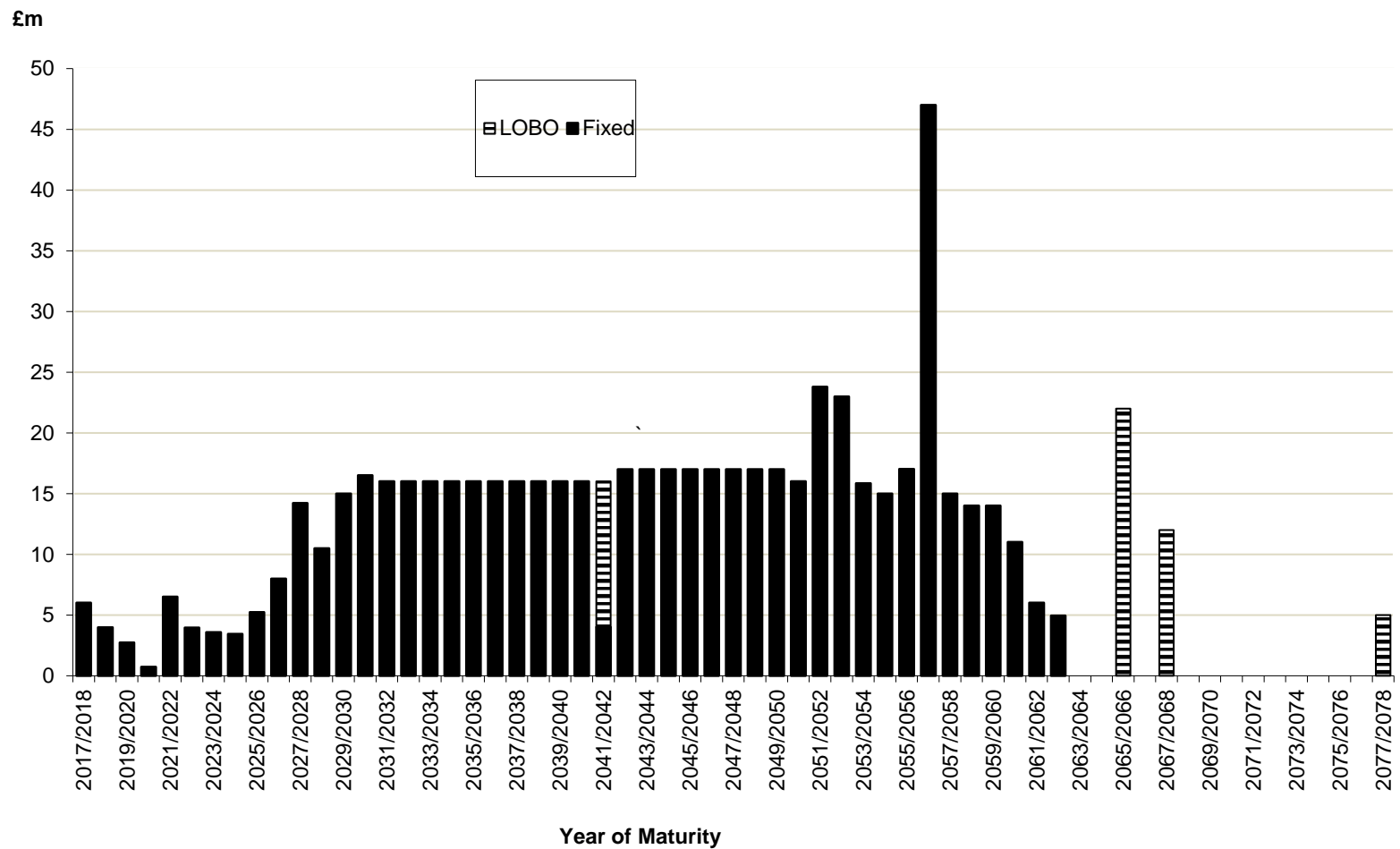
Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Document is Restricted

Mae'r dudalen hon yn wag yn fwriadol

Annexe D – Maturity Profile of Debt at 31 March 2017



Mae'r dudalen hon yn wag yn fwriadol

Audit Report

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

I have audited the accounting statements and related notes of:

- The County Council of the City and County of Cardiff;
 - The County Council of the City and County of Cardiff Group; and
 - The Cardiff and Vale of Glamorgan Pension Fund
- for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

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

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 16, the responsible financial officer is responsible for the preparation of the statement of accounts, including the County Council of the City and County of Cardiff's Group accounting statements and the Cardiff and Vale of Glamorgan Pension Fund's accounting statements, which gives a true and fair view. My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

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

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

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff as at 31 March 2017 and of its income and expenditure for the year then ended; and

Audit Report

- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

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

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

- give a true and fair view of the financial transactions of Cardiff and Vale of Glamorgan Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

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

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
29 September 2017

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the County Council of the City and County of Cardiff's website is the responsibility of the Accounting Officer/Client officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

**CARDIFF COUNCIL
CYNGOR CAERDYDD**



COUNCIL MEETING: 28 SEPTEMBER 2017

CABINET PROPOSAL

BUDGET STRATEGY 2017-18

Reason for this Report

1. To consolidate and update the financial strategy of the Council in readiness for the preparation of the 2018/19 revenue and capital budgets.
2. To outline the timetable that the budget process will follow in order to present the 2018/19 Budget to Council in February 2018.
3. To provide an update in relation to the Council's financial resilience.
4. To update the Council's Medium Term Financial Plan (MTFP).

Structure of the Report

5. The following table provides a guide to the key sections of the Report. Appendix 1 provides a short overview of the Budget Strategy in a question and answer format.

Section of Report	From Para	Detail included in section
General Background	5	<ul style="list-style-type: none"> • National Planning context • Welsh Government planning context
Cardiff Context	14	<ul style="list-style-type: none"> • Council's Priorities • Key Risks • Financial Resilience
Budget Reduction Requirement	25	<ul style="list-style-type: none"> • MTFP and budget reduction requirement • Updates since February 2017 Budget Report • Overview of key assumptions
Budget Strategy	29	<ul style="list-style-type: none"> • Approach to Budget Strategy • Summary of Budget Strategy • Future Work Programme
Consultation and Engagement	44	<ul style="list-style-type: none"> • Consultation with the public, employees and other key stakeholders

Section of Report	From Para	Detail included in section
Capital Programme	46	<ul style="list-style-type: none"> • Capital Programme • Borrowing & Financial Resilience • Known Pressures • Developing the Investment Plan 2018/19 to 2022/23

General Background

National Planning Context

6. The national context for this report is uncertain due to a combination of factors. These include the potential impact of the UK's exit from the European Union, the timing of the next UK Budget and the recent pressure on the UK Government to reconsider its existing policy in relation to public sector pay and ongoing financial restraint.
7. On 19 June 2017, the UK commenced negotiations regarding the terms of its exit from the European Union (EU). At this stage, it is too early to gauge the outcome of these negotiations, including in particular, the terms of any trade deal and the impact this may have on the economy. Having triggered the exit process, UK is due to leave the European Union by 29 March 2019 unless the 27 member states agree to extend this period. The terms of exit secured and their economic impact will need to inform future iterations of the council's MTFP and budget strategy.
8. In the weeks since the June 2017 General Election, there has been mounting pressure on the Government to ease ongoing financial restraint and to review the 1% cap on public sector pay. There were initial indications that the Chancellor may review this in the Autumn 2017 budget. However, subsequent clarifications have confirmed the Government's stance is that the 1% pay cap will remain in place until 2020, although it will consider the reports and recommendations of independent pay review bodies. The likely level of future pay awards and the extent to which these are funded, will need to be kept under close review as a small fluctuation in pay awards can have a significant impact on the MTFP.
9. The timing of the UK budget adds an additional level of complexity and uncertainty to the planning process for 2018/19. In the 2016 Autumn Statement, the Chancellor announced that following the Budget in Spring 2017, Budgets would be delivered in the Autumn. Whilst the date of this autumn's Budget has not yet been confirmed, it is reasonable to assume that it will take place in November or December comparable to the date of Autumn Statements in previous years. This means that the Provisional Financial Settlement for Welsh Local Government, usually published in October, will not reflect the Autumn Budget. If the latter holds any change for the Welsh Block Grant, Welsh Government may need to revisit their own budget. It is therefore conceivable that the Final Settlement may be later than usual and with a greater element of

change compared to the provisional settlement. The Council's outline budget timetable is included at Appendix 2 and will be kept under review in this regard.

10. The Chancellor's budget announcement in March 2017 set out the economic context based on figures produced by the Office for Budget Responsibility (OBR). The economic figures showed an improvement on November 2016 figures. Some of the main indicators from this statement were:-
 - Forecast growth of 2% this year and 1.6% in 2018; a revision upwards from the growth prediction of 1.4% in the November 2016 Spending Review
 - Inflation forecast to increase to 2.4% in 2017 (above the target rate of 2%), before falling back to 2% in 2018
 - National debt forecast to fall from 81.1% in 2017/18 to 77% of GDP in 2021/2022.
11. The OBR Report noted that risks to the global economic outlook remain significant, with the global oil market, outlook for US fiscal policy, the nature of trading arrangements agreed following the UK's departure from the EU, and the effects of sterling depreciation among the key sources of uncertainty. The OBR is required to base forecasts on stated government policy. This is far from straightforward with regards to ongoing negotiations around the UK's exit from the EU, as there is no meaningful basis for predicting the precise end-point of the negotiations for use in the forecast and there is considerable uncertainty about the economic and fiscal implications of different outcomes.

Welsh Government Planning Context

12. The planning context at a Welsh level also presents elements of uncertainty and change over the medium term. Two notable areas are the devolution of tax powers to the WG over the next two years and the continued progression of Local Government Reform. With regards the latter, the consultation on WG's White Paper, Reforming Local Government: Resilient and Renewed, closed on 11 April 2017. There is a clear expectation that over the medium term, local authorities will consider where regional working may be appropriate along with the funding arrangements, such as pooled budgets, which regional working would entail. The Council's financial planning will need to factor in developments as further clarity emerges.
13. There are no indicative funding figures for Welsh Local Government for 2018/19 or beyond. The financial settlement for the current financial year reflected an average increase in Aggregate External Finance (AEF) of 0.2% across Wales, with individual Authority settlements ranging between -0.5% and +1.1%. Cardiff received an increase in AEF of 0.5%, which in cash terms equated to £2.3 million. However, the inclusion of new responsibilities within the overall funding envelope meant that the actual increase in spending power was £294,000. The settlement was for one year only with no indicative figures for 2018/19 and beyond.
14. In the absence of indicative AEF, the Council has assumed an annual funding reduction of 1% within the MTFP. However, the Council has a Financial

Resilience Mechanism (FRM) designed to withstand an AEF reduction up to 1% worse than planned. The FRM is a £4 million base budget that was set up during the 2016/17 budget round in order to improve the Council's financial resilience over the medium term. The base budget is used annually for one-off investment so that it is available for immediate release in the event that AEF is worse than planned for in the MTFP. Once released, the FRM will provide no further mitigation in respect of subsequent settlements.

Council Background

15. The Council approved its Corporate Plan for the period 2017-2019 in February 2017. With reducing funding and increasing demand for services, councils must be clear about their priorities. For Cardiff, the Corporate Plan 2017-19 identified these as:
 - Better education and skills for all
 - Supporting vulnerable people
 - An economy that benefits all our citizens
 - Working together to transform services

16. The Corporate Plan aligns with the Liveable City Outcomes, which in turn align with the national ambitions for Wales' wellbeing as defined in the Wellbeing of Future Generations (Wales) Act 2015. These core documents along with the recently published five-year policy programme, Capital Ambition, will form the strategic backdrop for the continued development of the 2018/19 budget and MTFP. Capital Ambition sets out the vision for Cardiff to become a leading city on the world stage, focussing on:-
 - **Working for Cardiff** - making sure everyone who lives and works here 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 that public services are delivered efficiently, effectively and sustainably in the face of rising demands and reduced budgets.

Risk and Financial Resilience

Risk

17. The risk assessment carried out as part of 2017/18 budget preparation identified a number of financial and operational challenges over the medium term. Whilst these risks all remain relevant, this report does not repeat the comprehensive list in full as many of the issues are covered in other sections. The following table and the next section on financial resilience summarise the key risks from a financial planning perspective.

Area	Key Challenges
Demand Pressures	<ul style="list-style-type: none"> • Increased volume and complexity of demand in social services • Continuing pupil number growth • The potential impact of welfare reforms
Funding Uncertainty	<ul style="list-style-type: none"> • The absence of indicative AEF figures • The potential for negative redistributive impacts within the formula e.g. when specific grants transfer into AEF • General uncertainty in relation to specific grants.
Capital	<ul style="list-style-type: none"> • The increasing demands on the revenue budget of additional borrowing undertaken in previous years • Pressure placed on scarce resources by the condition of property and infrastructure assets, • The increasing financial exposure of the Council in relation to the development of the 21st Century Schools Band B Programme and Cardiff Capital Region City Deal • The potential for capital schemes predicated upon income generation failing to do so.
Other	<ul style="list-style-type: none"> • The expectation that inflation will remain at or above 2% over the MTFP period • Exceptional price inflation already being experienced in some areas as a result of National Living Wage and other pressures • The impact of BREXIT as terms of departure unfold • The implications of Welsh Local Government Reform and expectations for regional working • The pressure of delivering organisational change in conjunction with increasing demands on business as usual.

18. These challenges undergo review as part of the financial monitoring process and through the Corporate Risk Register, and both Cabinet and Senior Management Team receive regular updates in this regard. The Council's Audit Committee also regularly review the Corporate Risk Register. Given the identified risks, care is taken to ensure that changes to service delivery and business processes do not have a negative impact on the financial control environment.

Financial Resilience

19. The Council has approved a budget reduction requirement of £25 million for 2017/18, building on £105 million in the previous three years with a further £73.5 million requirement anticipated over the next three. In light of the scale of this financial challenge and in the context of the risks identified in the previous section, it is vitally important to undertake regular review of the Council's financial standing, risks and resilience. The development of a deliverable budget strategy is a key document in this regard.

20. Key challenges in respect of financial resilience include:-
- The need to deliver significant levels of savings during a period of prolonged financial austerity
 - The impact that delays to the delivery of savings proposals has on the budget monitoring position
 - The cumulative impact of achieving 2017/18 savings in addition to the unachieved 2016/17 savings which remain to be realised
 - The complexity associated with delivering the change required to continually reshape the organisation
 - The increasing ratio of capital financing charges to controllable revenue budgets as controllable budgets reduce, which impacts on the relative affordability of the capital programme.
 - Increasing level of demand for services.
21. The financial resilience snapshot included at Appendix 3 provides an overview of the financial health of the Council at the time of setting the Budget Strategy for 2018/19. Financial snapshots are produced at intervals during the year and are designed to provide a rounded overview of the Council's financial resilience through consideration of past, present and future information. The current snapshot reflects the draft Statement of Accounts 2016/17, the 2016/17 Outturn Report, the risk profile of 2017/18 savings and the budget strategy reflected within this report.
22. The first column of the snapshot is backward looking and contains information in relation to the Council's Reserves. Reserves are an important part of financial resilience as in times of uncertainty they provide a financial cushion. They can also help ensure a healthy cash position. The unaudited statement of accounts show that the level of the Council's General Reserve is £14.3 million. Whilst this is a decrease of £1 million since last year's position, this was a planned reduction approved as part of the 2016/17 Budget. The Council's General Reserve stands at 2.4% of its net revenue expenditure. Whilst 2016/17 comparator information is not yet available, this remains below the Welsh average as at 31 March 2016.
23. The snapshot shows an increase in earmarked reserves in 2016/17, which now stand at 10% of the revenue budget. Part of the increase relates to a new £2.5 million strategic budget reserve created in order to assist the Council with the challenging budgetary situation over the medium term. This reserve will be drawn down to assist with budget strategy over the next three years as described later in this report. An increase in the Employee Changes Reserve was another contributory factor to the overall increase in earmarked reserves. The transfer to Employee Changes Reserve was in line with the financial model for redundancy that seeks to move to a position whereby 50% of annual redundancy costs are funded from the base budget with 50% from reserves. The move towards this model enabled a significant reduction in the redundancy budget for 2017/18 with a further reduction planned in 2018/19.

24. The second column of the snapshot outlines the 2016/17 outturn position and the level of savings achieved in 2016/17. Whilst the Council's outturn for 2016/17 came in as balanced overall, the position at directorate level was an overspend of £7.6 million which was offset by the Council's general savings contingency which stood at £4 million in 2016/17, along with other underspends in corporate areas such as redundancy and insurance. Within the 2016/17 outturn position, £6.5 million of 2016/17 savings were unachieved. The delivery of delayed savings in addition to those included in the 2017/18 Budget is a key area of risk that will be monitored closely as the current financial year progresses. The 2017/18 Budget sought to improve the risk associated with the 2016/17 position through the write out of £1.073 million of prior year savings deemed to be unachievable, and through realigning particular pressures in relation to Social Services, which were the most significant factors in the £7.6 million directorate overspend. Monitoring of savings has already commenced in the current year with regular consideration at Senior Management Team and timetabled for discussion with Cabinet Members.
25. The final column summarises the contents of this report and the future financial challenge. The two preceding columns add additional context to the scale of the challenge ahead. The local affordability indicator at the bottom right of the snapshot indicates that the proportion of the Council's net budget spent on servicing debt is set to increase over the medium term. It is of note that the indicator is based on the existing capital programme, with no new schemes. This issue is revisited in the capital section of the report.

The MTFP Budget Reduction Requirement

26. The 2017/18 Budget Report identified a budget reduction requirement of £27 million for 2018/19 and £81 million over the three-year MTFP period. The £81 million is a base case scenario predicated upon the Council receiving Welsh Government funding decreases of 1% each year.
27. As part of robust financial planning, the MTFP undergoes regular refresh to reflect the most recent information. For the most part, the refresh undertaken during the first quarter of 2017/18 has either confirmed the assumptions that are already included within the MTFP, or gives no reasonable basis to depart from them at this stage. In these and other areas, further review will be required as the year progresses. The elements of the MTFP that have been updated as part of review during the first quarter are:-
- Particular areas of exceptional price inflation
 - Assumptions regarding potential specific grant reductions
 - Incremental salary drift for non-teaching staff
 - The level of emerging financial pressures for 2018/19
28. These updates have had the effect of reducing the 2018/19 gap to £23.5 million and the three-year position to £73.5 million as set out below.

	Medium Term Budget Gap			
	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Schools Growth	6,727	8,993	6,556	22,276
Pay and Price Inflation	5,418	4,885	4,471	14,774
Capital Financing, Commitments & Realignment	576	1,276	2,658	4,510
Non Schools Demographic Growth	3,538	3,350	3,350	10,238
Emerging Financial Pressures	1,500	3,000	3,000	7,500
Fall out of 2017/18 Reserve Funding	1,500	0	0	1,500
Estimated 1% funding reduction	4,282	4,237	4,195	12,714
TOTAL	23,541	25,741	24,230	73,512

29. The following table includes additional detail on the pressures included within the above table and summarises the key assumptions that underpin them.

Plan Area	Pressures covered and key assumptions
Schools Growth	<ul style="list-style-type: none"> • Pay award - assumed at 1% for teaching and non-teaching staff in line with cap • Incremental Drift - the estimated cost of annual pay scale progression for teachers • Teacher's Superannuation – includes the anticipated effect of employer's contribution rates as a result of changes to the discount rate used to set employer's rates for unfunded public sector schemes • Pupil Number Growth - the estimated annual growth resulting from rising pupil numbers • Other Growth - growth that relates to needs pressures including complex needs enhancements. • Non Domestic Rates - to reflect anticipated increases in rateable valuations associated with the development of the schools estate

Plan Area	Pressures covered and key assumptions
-----------	---------------------------------------

Pay and Price Inflation	<ul style="list-style-type: none"> • Pay award for non-schools staff - assumed at 1% in line with public sector cap • Voluntary Living Wage - assumed uplift pending announcement of rate in November 2017 • Employer's Superannuation - the next planned step in employers' superannuation contribution rates (from 23.3% to 23.5%) as set out in the 2017/18 Budget Report. The plan also includes the full year effect of potential auto-enrolment take-up • Exceptional price inflation - generally, directorates are required to absorb price inflation within existing resources. However, the plan allows for specific fee uplifts in unavoidable areas.
Capital Financing, Commitments & Realignments	<ul style="list-style-type: none"> • Capital Financing - figures reflect the incremental cost of servicing debt based on the existing capital programme with no assumption of new schemes from 2017/18 onwards. • Commitments and Realignments – includes commitments in relation to finance for the Central Enterprise Zone, the full and later year effects of pressures identified as part of the 2017/18 budget process and anticipated specific grant fall out. Credit amounts included within this section reflect the fall out of budgets allocated in previous budgets rounds for a time-limited period and the realignment of the redundancy budget in line with the planned model.
Non-Schools Demographic Growth	<ul style="list-style-type: none"> • Most of the growth within this section of the plan is in the area of social services. As well as growth in numbers, this reflects increasing complexity of demand.
Emerging Financial Pressures	<ul style="list-style-type: none"> • In the interests of financial resilience, the plan includes £1.5m in 2017/18 and £3m per annum thereafter in recognition that it is impossible to foresee all issues and that in reality additional burden may arise as the MTFP progresses. The figures will undergo review as the MTFP rolls on.
Fall out of 2017/18 Reserve Funding	<ul style="list-style-type: none"> • The 2017/18 budget included £1.5 million use of reserves. The plan reflects the fall out of this sum in 2018/19. Appropriate use of reserves for 2018/19 and beyond is covered in a later section of this report.
Estimated 1% funding reduction	<ul style="list-style-type: none"> • Estimated annual reduction in AEF in the absence of indicative figures • As part of strengthening financial resilience in the 2016/17 budget, a financial resilience mechanism was established to assist with funding settlements being worse than anticipated, which would cover a further 1% (in one year but not annually)

Approach to Budget Strategy

30. Two years ago, in preparation for the 2016/17 Budget, the Council undertook a detailed three-year analysis of budgets. This work provided an outline savings framework for Budget Strategy over the period to 2018/19 and proved a solid foundation from which to take forward the 2016/17 and 2017/18 budgets. This work has undergone incremental refresh and roll forward at regular intervals during the interceding period, but two years on it is timely for the Council to pause and reset this work, taking stock of the challenges on the medium term horizon with a new administration.
31. A significant amount of work has taken place since the February 2017 Budget Report in respect of budget strategy and financial planning. To date this has focussed predominantly on the 2018/19 position. All aspects of the budget have

undergone review with particular focus on Schools, Social Services, and capital financing. Collectively these areas, which are all under significant aspects of price and demand pressure, account for 70% of the Council's net budget. A robust 2018/19 position is key to providing a solid foundation from which to take forward work to shape the later years of MTFP strategy scheduled for the autumn and this has been the focus during the early part of this financial year.

Budget Strategy to address Medium Term Reduction Requirement – Updated

32. The Budget Strategy is framed around four overarching assumptions:-
- Council Tax Increases
 - Use of Reserves
 - Cap on Schools' Growth
 - Savings Requirements
33. These assumptions have been reviewed as part of the approach referred to in the previous section. At this stage, two assumptions remain unchanged. The first relates to council tax increases which are retained at 3.7% per annum within the MTFP, and the second relates to the cap on (non-pupil number) schools growth, which is retained at 30% per annum. These assumptions will be kept under review as the budget process progresses and further clarity emerges around key unknowns.
34. The 30% cap on schools will not result in a reduction in the current level of schools budgets. Within the plan, schools would receive £17.7 million additional budget over the next three years. The cap reflects schools contributing to the Budget Strategy by managing 30% of their emerging pressures within their existing budgets. This is with the exception of increasing pupil numbers, which would continue to be fully-funded.
35. The updated strategy contained within this Report increases the annual draw-down from earmarked reserves to support the budget from £1.5 million to £2.35 million. The additional £850,000 per annum will be met from the strategic budget reserve that was created as part of 2016/17 outturn to assist with the challenging medium term financial position.
36. Collectively, the budget strategy assumptions already outlined in respect of council tax, cap on schools growth and use of earmarked reserves contribute £21.5 million towards a £73.5 million budget gap. This leaves £52 million to address through savings over the next three years, of which £15 million fall in 2018/19. The challenge of achieving ongoing savings of this level, based on the history of savings outlined in earlier sections of the report should be noted.
37. As already noted, work over recent months has focussed predominantly on the 2018/19 position. The output of work to identify savings is summarised in the next table in a thematic format. Over the summer, directorates will work to refine 2018/19 proposals, undertaking additional due diligence in readiness for public consultation later this year.

38. Whilst the table also includes savings in a thematic format for 2019/20 and 2020/21, at this stage these are much more loosely defined than for 2018/19, and a detailed piece of work will take place over the autumn to develop these. It is important to note therefore, that for later years, the strategy depicts a direction of travel that will require further challenging work over coming months to result in a fully defined set of savings proposals. As part of this detailed work, the other budget strategy key assumptions will also need to be kept under review in order to ensure that, based on the developing detail, the strategy reflects an appropriate balance of risk, resilience and impact across its constituent parts.

Summary Overview

39. The table on the next page draws together the detailed consideration of all aspects of Budget Strategy set out in earlier sections into a summarised overview.

Estimated Budget Reduction Requirement	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Schools Growth	6,727	8,993	6,556	22,276
Pay and Price Inflation	5,418	4,885	4,471	14,774
Capital Financing, Commitments & Realignment	576	1,276	2,658	4,510
Non Schools Demographic Growth	3,538	3,350	3,350	10,238
Emerging Financial Pressures	1,500	3,000	3,000	7,500
Fall out of 2017/18 Reserve Funding	1,500	0	0	1,500
Estimated 1% funding reduction	4,282	4,237	4,195	12,714
Budget Reduction Requirement	23,541	25,741	24,230	73,512

Strategy to Address Budget Reduction Requirement				

Budget Strategy Assumptions				
Cap on Schools Non-Demographic Growth @ 30%	1,416	1,902	1,245	4,563
Council Tax at 3.7%	4,686	4,860	5,040	14,586
Use of Earmarked Reserves*	2,350			2,350
Total Assumptions	8,452	6,762	6,285	21,499
Directorate Savings				
Business Processes including Digitalisation	4,446	2,844	3,728	11,018
Income / Commercialisation	2,122	3,100	2,692	7,914
Collaboration	759	3,847	1,507	6,113
Prevention and Early Intervention	1,400	1,986	2,012	5,398
Review of Third Party Spend	4,152	4,248	4,371	12,771
Service Reduction / Removal	2,210	2,954	3,635	8,799
Total Directorate Savings	15,089	18,979	17,945	52,013
Total Strategy to Address Gap	23,541	25,741	24,230	73,512

* This reflects £2.35m use of reserves per annum, with a total of £7.05m drawn down over the MTFP period

Medium Term Financial Plan Scenario Analysis

40. The base case scenario is underpinned by an assumption of annual AEF reductions of 1%. A sensitivity analysis undertaken around some of the key variables of the plan to consider a worse-case scenario considered:-

- The possibility of an annual AEF reduction of 2% compared to the 1% included in the base case
- A more pessimistic outcome of the impact of the change in discount rate on Teacher's Employers Contribution rates
- Annual pay awards of 2% for all staff compared to the 1% within the base case

Worse Case Scenario	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Base Case MTFP Position	23,541	25,741	24,230	73,512

Changes:				
AEF	4,282	4,237	4,195	12,714
Pay Award	2,760	3,435	3,470	9,665
Pensions Issues - actuarial	0	1,900	0	1,900
Revised MTFP Shortfall	30,583	35,313	31,895	97,791

41. One key risk across the life of the MTFP is the level of pay awards. The MTFP extrapolates the general theme of restraint in respect of public sector pay over the medium term. However, with economists and other financial analysts predicting that inflation will hit 2% - 3% in the next two years, higher than it has been for many years, it is reasonable to assume there may be upward pressure on pay increases. As noted earlier in the report, removal of the public sector pay cap is an area that has received much press coverage in recent weeks. The table above shows that annual pay awards of 2% for all staff would add £9.7 million to the MTFP. In recent days, the Department for Education recommended that the teachers' pay award remain at 1% for the year from September 2017, so the risk of a 2% award has been pro-rated for 2018/19.
42. A 1% annual fluctuation in AEF has the biggest impact on the base case MTFP, adding £12.7 million to the estimated budget reduction requirement. Release of the Council's FRM would immediately mitigate this sum by £4 million. This would remove the opportunity for further one-off investment through the FRM and there would be no additional benefit for future years beyond 2018/19.
43. The worse case scenario models the potential for employers' contributions rates in respect of teachers' pensions to increase to 20% over the medium term, higher than the increase from 16.48% to 18% that is included within the base case MTFP. Commentators advising academy schools in England in relation to potential risk factors over the medium term have suggested that the rate could increase to 20% over this period. This issue will require careful monitoring as it largely depends upon a discount rate, which is a factor of the inflation rate, and which will therefore be changeable over this period.

Other Known Unknowns

44. A number of "known unknowns" are being monitored in relation to the MTFP period. These are currently too uncertain to quantify but will require close scrutiny over the next few months and years as many have the potential to be significant in terms of amount. These include:-
- NJC proposal to review pay-scales in conjunction with employers as a result of NLW changes
 - The terms agreed as part of the UK's exit from the European Union and their impact on the economy
 - Specific projects to be agreed as part of CCRC arrangements
 - The 21st Century Schools Band B programme – overall quantum and funding arrangements

- Any new capital schemes or increases in expenditure on asset maintenance and their impact on revenue
- The impact of WG's devolved income tax powers from 2019
- The impact of WG devolved powers for land transactions tax (replacing stamp duty) and landfill tax from 2018
- Local Government Reform in Wales and associated requirements for pooled budgets.
- The WG pilot on 30 hours childcare (from 12.5 hours) for children aged three and four
- The potential for the Office of Tax Simplification (OTS) to recommend modifications to the National Insurance system

Consultation and Engagement

45. The Council places a high regard on being open and honest about difficult choices. In order to provide an opportunity for people to have their say on what is important to them and their communities, a detailed consultation on 2018/19 budget proposals will take place later in the Autumn once Provisional Settlement affords additional clarity to the funding position. Over the summer, the Ask Cardiff survey will pave the way for the detailed consultation through consulting on a number of budget themes. The proposed Budget Timetable Framework for 2018/19 is included at Appendix 2. Throughout this period, involvement and consultation will take place with Cardiff Citizens, the third sector, School Budget Forum, Scrutiny Committee, Audit Committee and Trade Unions.

Employee Engagement

46. Employee engagement at all levels within the organisation continues to be given high priority through a number of mechanisms including frequent directorate-led roadshows, dissemination of the core brief, the ambassador network and the launch of the staff app. The Council has in place various fora to engage directly and work with employees at all levels of the organisation. Employees will continue to receive briefings through these channels at all key stages of the budget process.

Current Capital Programme

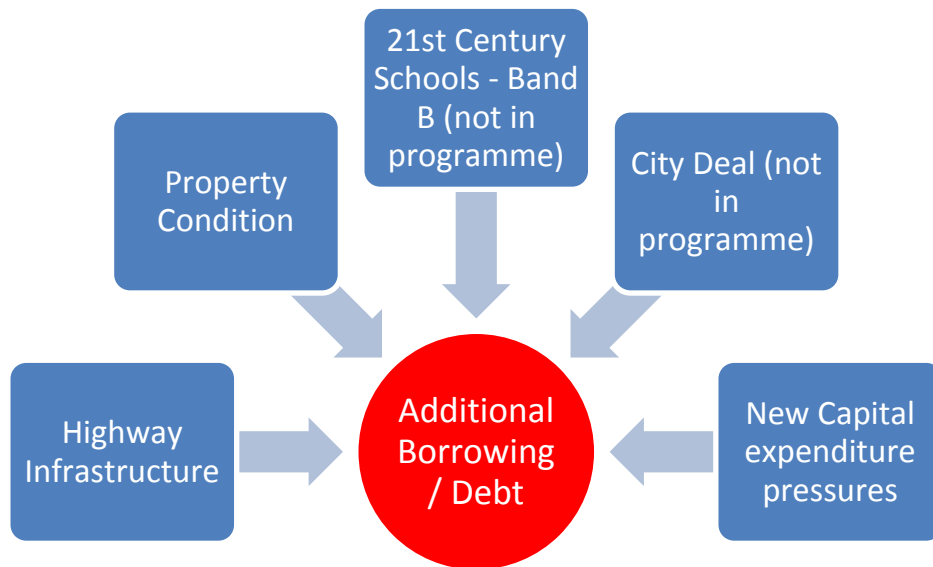
47. The Council sets a five-year rolling capital investment programme, updated annually. The level of General Capital support provided by WG as part of the annual settlement has decreased by 35% since 2010/11. Cardiff's allocation is the lowest per capita in Wales and is now insufficient to meet current annual sum commitments and indicative increases to such allocations. This means that the Council has an embedded borrowing requirement each year, even before new schemes or additional amounts are approved.



48. Additional borrowing to balance the capital programme has been limited to £10 million during each five-year period over the last two years. This represented a balanced position recognising the requirement for investment and the additional borrowing costs resulting from this in order to ensure that any borrowing is affordable, prudent and sustainable.

Known Pressures

49. Pressures on the need to borrow are arising from a number of sources



21st Century Schools – Band B

50. Band B of the WG’s 21st Century Schools Programme is due to commence from April 2019 and will run for 5 years until the conclusion of the 2024/25 financial year. WG have requested that local authorities provide an outline of their potential Band B requirements and work is currently being undertaken to identify and finalise the Council’s priorities. The focus of the programme is intended to be on the condition of assets and sufficiency of places and officers are working within these parameters.

51. The level of investment required from the Council is likely to be substantial and will have significant capital financing implications. As such, careful

consideration will be required as to the overall affordability of the capital cost envelope of the programme.

Building Property Condition

52. The Council's annual sum allocation for properties is £4 million, split between schools (£2.7 million) and other properties (£1.3 million). The financial year 2016/17 saw some temporary school closures and disruption in respect of remedial electrical works. Whilst the Corporate Property Asset Management Plan recognises that various initiatives need to be undertaken to ensure a sustainable asset base and address a backlog of maintenance, there is a need to refresh property surveys to be able to understand the state of the estate and to develop a risk and evidence based approach to additional investment in determining priorities for existing budgets. The costs of these surveys were approved as part of the budget proposals in 2017/18.

Highway Network Assets

53. Highway network assets include carriageways, footpaths, street lighting, bridges and traffic infrastructure. Current annual sum expenditure on these items is £3.2 million. Whilst it is recognised that delaying investment increases future costs of treatment, any additional investment towards a steady state, where the condition of the assets is no better or worse than current, also needs to be on the basis of an approved highway asset management plan. This will also require an understanding of the state of the network and to develop a risk and evidence based approach to additional investment and in determining priorities for existing budgets.

City Deal

54. The Council's contribution to the Investment fund of £120 million is £28 million and secures HM Treasury Grant of £375 million over 25 years for the Region. Given that detailed proposals are yet to be determined, the Council's commitment is not currently included in the Capital programme, but is modelled to be paid for by additional borrowing.

Other

55. Whilst the focus of investment will be on existing assets, it is also important to recognise that there may be other unavoidable commitments that the Council needs to support, after consideration of all other funding options. These items and the timing of any such implementation would need to be carefully considered when prioritising the investment programme.

Borrowing and Financial Resilience

56. The Council's Capital Financing revenue budget includes the costs of interest and a provision for debt reduction. The latter is based on WG guidance and the Policy approved by Council as part of the budget. Based on assumptions included in the 2017/18 budget, this is forecast to increase from £34 million in

2017/18 to £37 million by 2020/21 and is now larger than some directorate net expenditure budgets.

57. The proportion of the Council's net controllable budget that is spent on servicing debt has increased over recent years.

Capital Financing Costs expressed as percentage of Controllable Budget			
	2011/12 Actual %	2021/22 Estimate %	Difference 11/12 – 21/22 (%)
Net capital financing Budget	13.47	18.32	36.01
Gross capital financing budget	15.17	23.19	52.87

58. Capital receipts are important and serve to increase the affordability of the Capital Programme. In 2018/19, the first call on capital receipts up to £1 million will be to pay for Capital programme commitments. However most capital receipts are currently earmarked for specific schemes.
59. Significant areas of capital expenditure on 21st Century Schools Programme (Band A) and the Cardiff Enterprise Zone, including the Transport Interchange, are assumed to be paid for from the disposal of assets. Incurring expenditure prior to receiving the proceeds of any such receipts represents a significant risk to borrowing and will need to be a consideration in view of affordability and timing of expenditure on these schemes.
60. Borrowing has long-term financial consequences and costs span generations. Affordability of capital investment must have regard to the Council's responsibilities for the Wellbeing of Future Generations (Wales) Act 2015. Accordingly, previous advice for development of the budget strategy in terms of the capital programme remains even more relevant for members to consider when developing the investment plan.

“Particular Attention needs to be given to the medium and long term impact of additional borrowing on the Council’s revenue budget, as it is clear that continuing to increase levels of additional borrowing within the General Fund is not consistent with the significant level of savings to be found”.

“Within this financial climate of reducing revenue resources all action necessary must be taken to reduce both initial capital expenditure and the subsequent need to borrow.” – S151 Officer

Developing the Investment Plan 2018/19 to 2022/23

61. In formulating the five-year Capital Programme for 2018/19 to 2022/23, it is clear that there are pressures for investment, but affordability is a significant risk, both now and in the future. Additional borrowing has been limited to £10 million over each five year period during the last two years and even sustaining this requires a fundamental review of how new and existing pressures can be afforded as part of a long term investment strategy.

62. The approach to developing the investment priorities in the capital programme between 2018/19 to 2022/2023 will be as follows:-
- Directorates to consider whether existing commitments can be reduced / deferred
 - Any new funding bids for this iteration of the 5 year capital programme will focus on Asset Renewal only and :-
 - be evidence based
 - be risk prioritised
 - have considered all alternative solutions for funding and achieving the same outcome before request for council funding
 - demonstrate value for money in expenditure and approach to delivering outcomes
 - Any new capital expenditure pressures that do not relate to existing assets that are to be retained in the long term, need to be considered in the context of external funding or robust invest to save business cases.

Reasons for Recommendations

63. To seek Cabinet approval for the budget strategy in respect of 2018/19 and the MTFP.
64. To note the Budget Timetable Framework and forward this to Council for approval.

Legal Implications

65. It is the responsibility of the Cabinet to receive financial forecasts and develop a medium term financial strategy with a view to proposing a Budget for the Council to approve. The report highlights the seriousness of the financial challenges ahead. As stated in the body of the report, it is important that members take note of the statements made by the Section 151 Officer in this regard.
66. There are no general legal issues arising from the report. Specific legal issues will be addressed as part of the proposed budget preparation.
67. The report provides that the proposed Budget Timetable framework for 2018/19 will make provision for consultation. It is important to note that consultation raises the legitimate expectation that any feedback received from the consultation will be taken into account in developing the proposals consulted upon.
68. In considering this matter and developing the budget proposal regard must be had to the Council's duties under the Equality Act 2010 and appropriate steps taken to ensure that i) the Council meets the requirements of the Public Sector Equality Duties; and ii) due regard as been / is taken of the likely impact of decisions in terms of equality and discrimination.

Financial Implications

69. The report sets out the Budget Strategy for 2018/19 and the medium term. It is written during a period of prolonged financial constraint and with significant planning uncertainty, both at a national and Welsh level. The absence of indicative funding settlements for future financial years continues to prove problematic from a financial planning perspective. Ongoing budget reductions of the scale required to achieve a balanced position require appropriate lead in times and implementation in a planned and rational way. The change in timing of the UK's budget from Spring to Autumn has the potential to cause additional uncertainty around the 2018/19 financial settlement.
70. The Council has identified £105 million in savings over the past three years and £17 million in the current year. Building on this, the current strategy indicates that savings will contribute £52 million towards the £73.5 million budget reduction requirement over the next three years. Achieving ongoing savings of this scale is extremely challenging. It requires further organisational change, exploration of preventative measures and the adoption of more commercial approaches in untested markets. In challenging change environments such as these, careful monitoring of financial controls and financial resilience is key.
71. The financial resilience snapshot at the time of this report shows that reserves have increased during 2016/17. This improves the Council's financial resilience generally, as reserves provide a financial cushion, but also more specifically in that one of the reserves created as part of 2016/17 outturn was to assist with the challenging medium term position and is used as part of this budget strategy. Whilst the 2016/17 outturn position was balanced overall, there was an overspend of £7.6 million at directorate level which was offset by the £4 million general contingency and underspends in corporate areas such as insurance and redundancy. Delivery of delayed 2016/17 savings in addition to planned 2017/18 savings will require close monitoring and this has already begun.
72. The report sets out the strategy for addressing the budget reduction requirement. Collectively, a 30% cap on schools (non-pupil number) growth, a 3.7% council tax increase and £2.35 million annual use of reserves will contribute £21 million to the £73.5 million budget reduction requirement, leaving a savings requirement of £52 million. Further refinement of 2018/19 savings will take place over the summer to allow work over the Autumn to focus on later years of the MTFP, which are currently more loosely defined. This work will need to consider the balance of risk, resilience and impact across the constituent parts of the strategy.
73. The report models a worse-case scenario of £30.6 million for 2018/19 and £97.7 million over the medium term. The main variables that contribute to this potential worsening are the potential for pay award of higher than 1% and the risk that funding settlement may be worse than a reduction of 1% per annum. In recent years, the likelihood of pay awards exceeding 1% was considered low. However, with inflation anticipated to rise and recent pressures on the UK Government to reconsider the public sector pay cap, this may be more of a

financial risk to the MTFP than in previous years. The Council has a financial resilience mechanism that would enable it to withstand one funding reduction of 1% worse than covered by the MTFP. Thereafter, funding reductions that deviate from 1% would require a review of the strategy.

74. The report sets out that the position in respect of capital is also challenging. Welsh Government support has fallen by 35% since 2010/11 and there are significant pressures on the capital programme, including maintaining the Council's property and highway infrastructure and addressing corporate priorities. Additional investment can only be funded through additional borrowing or through the disposal of assets. It is important to note that additional borrowing has affordability implications for the revenue budget. As revenue budgets reduce and capital financing costs increase, interest costs and debt repayments account for an increasing proportion of the revenue budget as evidenced by the affordability indicators included in this report.
75. The requirement to meet increasing costs associated with debt can only be met from future savings or from council tax increases. This clearly limits the scope for further additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. Additional borrowing is not sustainable in the long term and consideration must be given to prudential indicators, control mechanisms for different types of unsupported borrowing and core areas of investment.

HR Implications

76. The report outlines the UK and Welsh contexts under which the budget is being set together with the continued financial challenges faced by the Council in balancing reducing finances with increasing demands. The Council will continue to review the shape and scope of the organisation and the way in which services are delivered and efficiencies achieved. New service delivery models will need to meet demand pressures and reflect budgetary realities alongside securing further efficiency savings through better collaboration and partnerships, integration of service delivery and reducing duplication of effort and resources.
77. Given the level of savings required in 2018/19 and beyond, it will be key that the savings proposals identified are robust and deliverable. The extent of financial challenge in a continued period of restraint will result in savings targets for controllable budgets which will be considerably challenging and will result in significant changes to how local government services are delivered. The availability of resources to support the delivery of these radical and sustained changes will be key.
78. Whilst it is not possible to provide specific HR implications on any changes at this time, it is clear that the ongoing budget difficulties will continue to have significant people implications associated with actions necessary to manage the financial pressures facing the Council. As service delivery proposals are developed, there will need to be consultation with employees (those directly and indirectly impacted) and the Trade Unions so that they are fully aware of

the proposals, have the opportunity to respond to them and understand the impact that the new model of service will have on them. Further and specific HR implications will be provided when relevant models are proposed. Any proposed reductions in resource levels will be managed in accordance with the Council's recognised policies for restructuring which include, where appropriate, redeployment and voluntary redundancy.

79. The Council's Voluntary Redundancy Scheme has been widely publicised to employees. Whilst those interested in leaving on this basis (with a post subsequently deleted) should express an interest to do so, a business case to support the exit will still need to be made and signed off. Flexible retirement continues to be another option available and a Sabbatical policy is in place as well as ability to request voluntary reductions in working hours. Redeployment, access to Cardiff Academy courses and access to the Trade Union Learning Representatives to support members and non-members with training and development to support new skill requirements will remain available. Additionally the purchase of Additional Annual Leave Policy remains in place and has provided the opportunity for employees (excluding those based in Schools) to buy up to an additional 10 days annual leave.
80. A Trade Union Partnership Meeting has been established and will meet on a monthly basis to facilitate early discussion with Trade Unions on key organisational proposals, with more detailed discussion continuing with employees and trade unions at local directorate level. It is essential that there continues to be appropriate consultation on proposals which are taken forward by the Cabinet. Many of these will have people implications which will need to be considered at an early stage in consultation with the Trade Unions and employees impacted.

CABINET CONSIDERATION

81. Cabinet considered this report on 27 July 2017 and resolved that:
 - (1) the budget principles on which the Budget Strategy Report is based including the use of a targeted approach to meeting the Budget Reduction Requirement both in 2018/19 and across the period of the Medium Term Financial Plan be agreed
 - (2) directorates work with the relevant Portfolio Cabinet Member, in consultation with the Corporate Director Resources and Cabinet Member for Finance, Modernisation and Performance Management to identify potential savings to assist in addressing the indicative budget gap of £23.5 million for 2018/19 and £73.5 million across the period of the Medium Term Financial Plan.
 - (3) relevant bodies who raise precepts and levies on the Council be formally contacted to request that funding reductions are also fed into these settlements which should be in line with those it is expected that Welsh Government will impose in respect of local authority funding.

- (4) the Corporate Director Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, be delegated authority to identify an alternative budget reduction requirement upon receipt of further clarification in respect of Welsh Government funding.
- (5) any new capital investment approvals, to be funded by borrowing between 2018/19 and 2022/23, will be only for asset renewal in relation to existing assets.
- (6) the Corporate Director Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, be delegated the authority to amend the Budget Strategy, if this amendment does not significantly depart from the underlying principles. Any requirement to significantly depart from these principles would require a further Budget Strategy Report to Cabinet.
- (7) the Council seek expressions of interest from officers in respect of the voluntary redundancy scheme
- (8) it be proposed that Council agree that the Budget Timetable Framework set out in Appendix 2 be adopted and that in the intervening period that the work outlined is progressed with a view to informing budget preparation.
- (9) there will be a two stage process in relation to consultation on 2018/19 proposals. This will commence with the Ask Cardiff Survey including a section on general budget themes, followed by more detailed consultation on 2018/19 proposals later in the Autumn, once there is further clarity on the 2018/19 funding position.

CABINET PROPOSAL

Council is recommended to agree that the Budget Timetable Framework set out in Appendix 2 be adopted and that in the intervening period that the work outlined is progressed with a view to informing budget preparation.

THE CABINET

27 July 2017

The following appendices are attached;

Appendix 1 – Budget Strategy Frequently Asked Questions
Appendix 2 - Proposed Budget Timetable Framework 2018/19
Appendix 3 – Finance Snapshot – Financial Resilience

The following Background information has been taken into account

2017/18 Budget Report – February 2017

Budget Strategy Report 2018/19 - Question and Answers

Revenue Budget

What is this about?

- This is a brief overview of the Council's July 2017 Budget Strategy Report which you can view in full online.

What are things looking like?

- In two words, challenging and uncertain.

What are the uncertainties?

There are many, but here is a flavour:-

- The general grant we receive from Welsh Government (WG) accounts for 75% of how we fund our budget and we won't know the level of this grant until at least October.
- There is a UK budget in the autumn – previously these have been in the spring.
- BREXIT - what terms will be secured and how will they impact the economy?
- Local Government Reform in Wales – WG will expect Local Authorities to consider appropriate regional working but we don't fully know what that will look like yet.

What are the challenges?

Again, there are many but here is an overview:-

- The Council is still facing significant cost pressures over the next few years. These pressures are partly price related, e.g. pay awards and external providers increasing their prices. They are also demand related, for example, increasing pupil numbers and the much publicised pressures on social services that are being experienced across the UK. In addition, we believe that funding will continue to reduce but don't know by how much.
- The combination of funding reductions and financial pressures is what creates the "budget gap" - this is how much we have to find to balance the books.
- Every year, balancing the books becomes harder because so much of the budget has already been reduced - £105 million savings have been made over the past three years alone.
- Two areas of the budget that are under demand pressure – schools and social services – account for 65% of the Council's budget. This means the squeeze on other areas is even harder.

How much is the Budget Gap?

- The budget gap is estimated to be £24 million in 2018/19 and £74 million over the next three years.

2018/19 £m	2019/20 £m	2020/21 £m	Total £m
24	26	24	74

So what is the Strategy to address the gap?

- The four things we can essentially do to address the gap are 1) increase council tax 2) use reserves 3) limit schools growth 4) make savings.
- Developing the strategy is about deciding the right mix - to do this we need to balance the Council's priorities as set out in the Corporate Plan and Capital Ambition document, with risk and the Council's long term financial resilience.
- This is the strategy as outlined in the Budget Strategy Report:-

	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
Budget Strategy				
Limit Schools Growth - @ 30%	1.4	1.9	1.2	4.5
Council tax at 3.7%	4.7	4.9	5.0	14.6
Use of Earmarked Reserves	2.4			2.4
Savings	15	18.9	17.9	52
Total Strategy	24	26	24	74

£7.2m in total over 3 years

This is a cap not a cut. Schools will receive £17.7m

To be kept under review

What is the approach to identifying savings?

- Two years ago, the Council undertook a detailed three-year analysis of budgets and this formed the basis of the 2016/17 and 2017/18 Budgets. This work has undergone incremental review and roll forward but it is time to pause, reset and refresh this work to take account of new challenges over the medium term with a new administration.
- Work so far this year has focussed on the 2018/19 position in order to provide a solid foundation from which to move forward and all aspects of the budget have undergone review.
- Although the strategy in the report covers 2019/20 and 2020/21, at this stage this is more loosely defined than for 2018/19, and a detailed piece of work will take place over the autumn to develop this out.

How can I have my say?

- The Council is open and honest about the difficult choices it faces.
- Over the summer you can have your say by responding to budget-related questions in the "Ask Cardiff" survey.
- In the autumn, there will be a more detailed consultation, once there is a clearer picture of Welsh Government funding.

What if funding reductions are worse than planned?

- There are no firm funding figures for 2018/19 and that is a key risk.
- We have assumed that funding will reduce by 1% and that is reflected in our budget gap.
- The Council could withstand a further 1% reduction by using a budget we would otherwise use for one-off investment. This was created in 2016/17 to protect the Council from future funding uncertainties.

Capital Programme

What is capital?

- Capital expenditure refers to acquiring or improving assets for the long term. The way the Council can fund this type of expenditure is different to revenue.
- The capital programme sets out what we will spend on capital and how we will fund it over a five year period

What is the picture on Capital?

- Capital funding has reduced by 35% over recent years. This essentially means that to fund new capital spend, we must either sell existing assets or borrow. Borrowing places pressures on the revenue budget - debt must be repaid with interest.
- The need to maintain our buildings and highways as well as to address corporate priorities places pressure on the capital programme.

What is the strategy for Capital?

- The strategy is to focus on looking after our existing assets – the need to spend must be evidence based and prioritised by risk.
- Any new capital expenditure pressures that do not relate to existing assets that are to be retained in the long term, need to be considered in the context of external funding or robust invest to save business cases.

What next?

- We will continue to keep the budget gap under review – things change quickly and regular review is an important part of being prepared.
- General consultation during the summer will pave the way for a detailed consultation in the autumn.
- Over the summer, directorates will refine their work on the 2018/19 position.
- Focus will shift to updating the savings framework for 2019/20 and 2020/21 in the autumn.

Mae'r dudalen hon yn wag yn fwriadol

PROPOSED BUDGET TIMETABLE FRAMEWORK 2018/19

Date	Budget Strategy
July 2017	Budget Strategy Report considered at Cabinet
July-September 2017	Directorates develop further detail on 2018/19 budget proposals
September	Budget Strategy Report considered at Council
October 2017	Provisional Budget Settlement received
October/ November 2017	Further work on later years of MTFP
November /December 2017	Consultation on draft budget savings proposals
December 2017	Cabinet approval of Council Tax Base
December 2017	Final Budget Settlement received
January 2018	Fine-tuning of budget proposals and consideration of medium term financial plans
February 2018	Approval of Corporate Plan and Budget

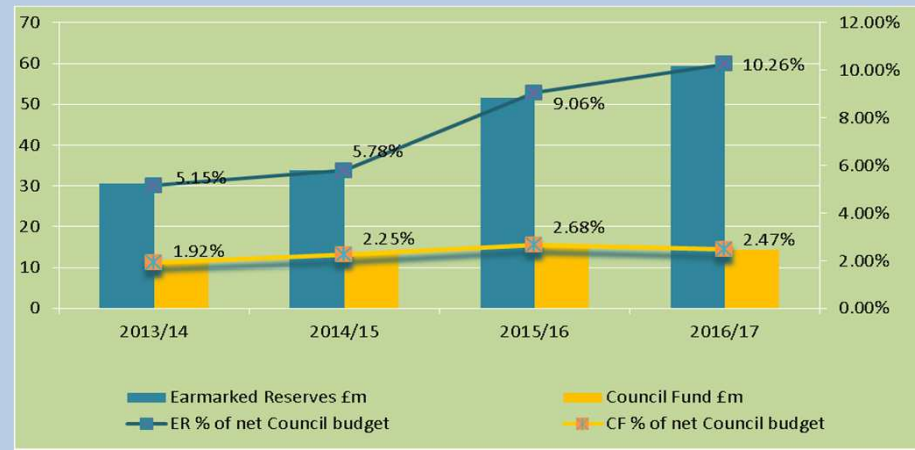
In addition, throughout this period there will be continued involvement and consultation with council tax payers, the grants sector, the Budget Forum, Scrutiny Committees, Trade Unions employees and statutory consultation with schools

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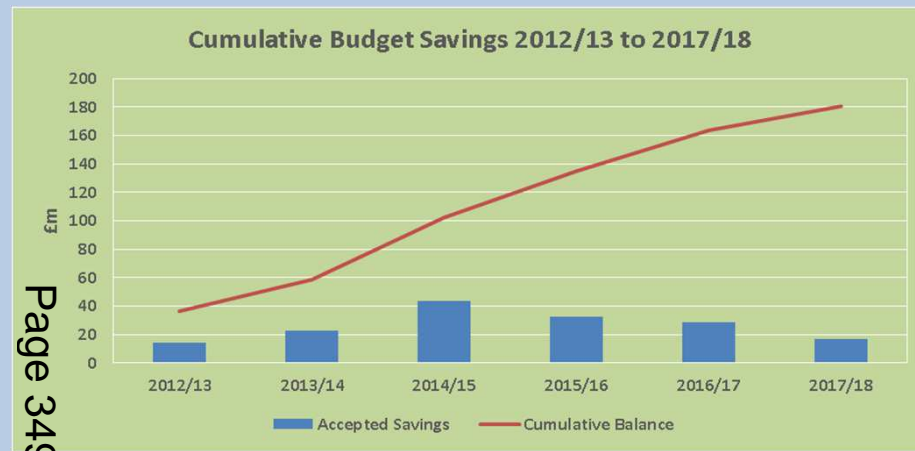
FINANCIAL SNAPSHOT REPORT - BUDGET STRATEGY VERSION - JULY 2017

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

Indicator	2013/14	2014/15	2015/16	2016/17
Working Capital as a percentage of Gross Revenue Expenditure (%)	5.18%	5.13%	6.02%	7.21%
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 (%)	3.85%	4.28%	6.63%	8.00%
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 & Aggregate External Finance	0.69:1	0.72:1	1.05:1	1.03:1

The tables below show the Outturn position for the 2016/17 financial year for both revenue and capital.

Revenue Outturn Position

Directorate	Net Expenditure Budget £000	Outturn £000	Variance £000	Variance %
City Operations	32,905	34,078	1,173	3.6%
Communities, Housing & CS	43,783	43,408	(375)	(0.9%)
Corporate Management	24,336	24,665	329	1.4%
Economic Development	13,120	13,095	(25)	(0.2%)
Education & Lifelong Learning	244,019	244,197	178	0.1%
Governance & Legal Services	4,771	4,541	(230)	-4.8%
Resources	19,845	19,680	(165)	(0.8%)
Social Services	146,286	153,031	6,745	4.6%
Total Directorates	529,065	536,695	7,630	1.44%
Capital Financing	35,310	34,790	(520)	(1.5%)
Discretionary Rate Relief	300	305	5	1.7%
General Contingency	4,000	0	(4,000)	(100.0%)
Summary Revenue Account etc.	9,486	6,736	(2,750)	(29.0%)
Total	578,161	578,526	365	0.1%
Funded by:				
Revenue Support Grant	320,291	320,291	0	0.0%
Non-Domestic Rates (NDR)	105,994	105,994	0	0.0%
Reserves and Balances	2,070	2,070	0	0.0%
Council Tax	149,806	150,171	(365)	0.0%
Total Funding	578,161	578,526	(365)	0.0%
Net (Surplus) /Deficit for Year			0	

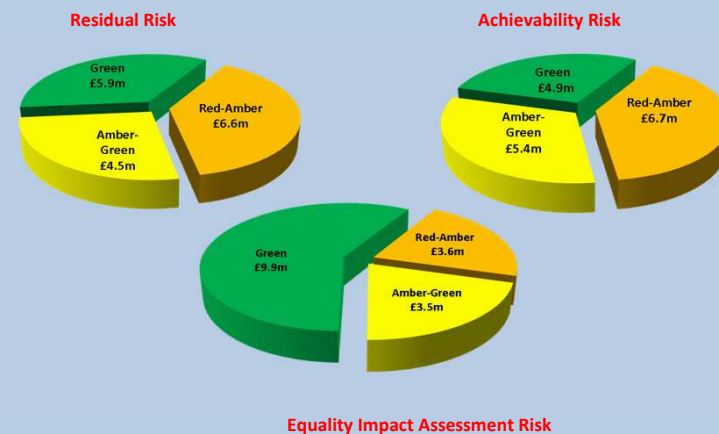
2016/17 Revenue Savings Achieved and Unachieved



Capital Outturn Position

Directorate	Budget £000	Outturn £000	Variance £000	Variance %	(Under)/Overspend £000	Slippage £000
City Operations	27,708	19,966	(7,742)	(27.9%)	72	(7,814)
Communities, Housing & Customer Services	14,072	11,162	(2,910)	(20.7%)	0	(2,910)
Economic Development	10,160	20,754	10,594	104.3%	0	10,594
Education & Lifelong Learning	47,525	31,431	(16,094)	(33.9%)	(63)	(16,031)
Resources	2,830	1,163	(1,667)	(58.9%)	0	(1,667)
Social Services	575	350	(225)	(39.1%)	(100)	(125)
Total	102,870	84,826	(18,044)	(17.54%)	(91)	(17,953)

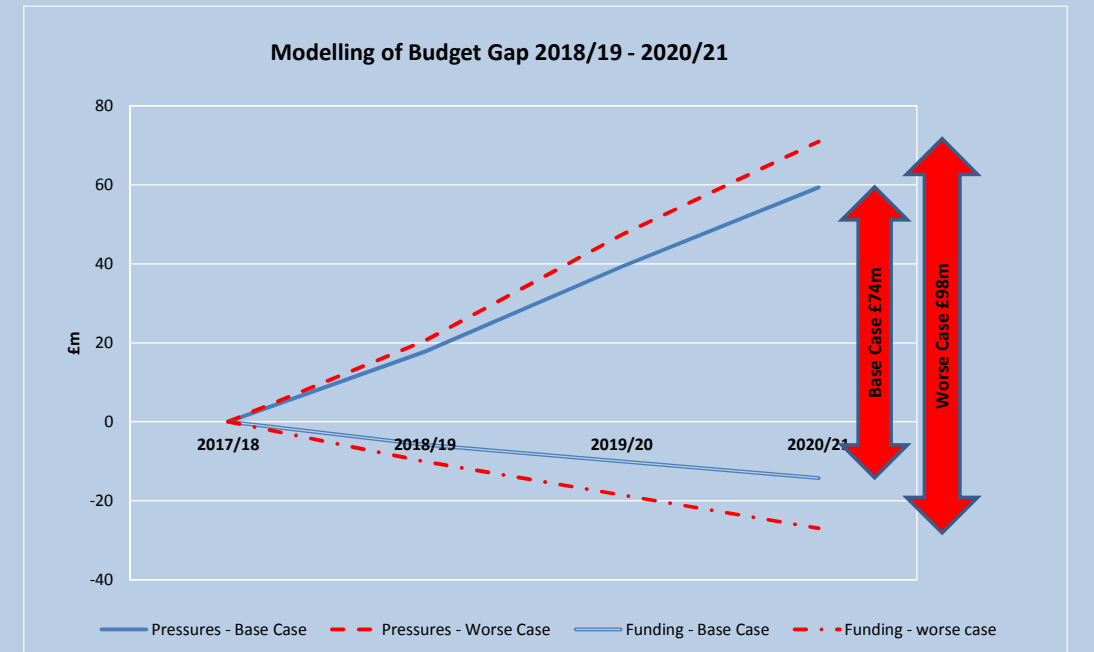
Final Budget Proposals 2017/18 Risk Analysis - TOTAL SAVINGS £17m



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	17,759	21,504	20,035	59,298
Funding Reductions	5,782	4,237	4,195	14,214
Budget Requirement Reduction	23,541	25,741	24,230	73,512
Budget Strategy Assumptions	8,452	6,762	6,285	21,499
Total Savings Required	15,089	18,979	17,945	52,013
Total Strategy	23,541	25,741	24,230	73,512



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	113,044	81,037	18,277
Housing Revenue Account	24,154	30,005	31,350	24,490
Total Capital Expenditure	107,987	143,049	112,387	42,767
Capital Financing Requirement excl. Landfill				
Council Fund CFR	450,552	475,777	472,458	462,450
Housing Revenue Account CFR	273,883	282,062	290,881	292,012
Total CFR	724,435	757,839	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	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
	%	%	%	%	%	%	%	%
Net	13.47	15.78	14.77	15.29	15.78	17.17	18.32	36.01
Gross	15.17	19.68	19.44	20.13	20.51	22.00	23.19	52.87

Mae'r dudalen hon yn wag yn fwiadol

Audit Committee Annual Report 2016/17



The City of Cardiff Council

The Ten General Principles of Public Life

<p>Selflessness Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.</p>	<p>Personal Judgement Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.</p>
<p>Honesty and Integrity Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.</p>	<p>Respect for Others Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.</p>
<p>Objectivity Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefit.</p>	<p>Duty to Uphold the Law Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.</p>
<p>Accountability Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.</p>	<p>Stewardship Members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.</p>
<p>Openness Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.</p>	<p>Leadership Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.</p>

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1. Foreword by Ian Arundale, Chairperson of the Committee

I am pleased to present this report which provides an overview of the Audit Committee's work in the municipal year 2016/17. Since taking the role of Chairperson in June 2015 I have been well supported by the strong teamwork of the Audit Committee, and I am very grateful to Deputy Chairperson Hugh Thomas for chairing two Audit Committee meetings in 2016/17.

This year has seen some changes in Audit Committee membership. I would like to thank the outgoing Deputy Chairperson Professor Maurice Pendlebury for his many years of dedication and highly valued services to the Audit Committee. We have been fortunate to gain Gavin McArthur and David Price as new independent members from January 2017. We have already felt the benefits of the knowledge, expertise and keen interest of our new members through their contributions to Audit Committee meetings.

I wish to record my thanks to all Elected Members and the Independent Lay Members who have served on the Committee this year. Members from across the political groups have come together in an extremely effective way in our five meetings this year. It is also very encouraging to report well attended meetings, given how busy members are in fulfilling other roles and responsibilities.

Throughout the year Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Wales Audit Office), Internal Audit, Risk Management and Treasury Management. Additionally, we have invited officers to attend Committee to respond to concerns raised by Members or identified through various Committee reports, such as those from internal and external audit.

We have reviewed our work programme at each Committee meeting, taking account of changing risks and priorities through the reports and information we receive from Members, Officers, external stakeholders and other Committees of the Council. Our Work Programme has been extremely busy this year with a wide range of matters brought before the Committee.

We held a self-assessment workshop for the Audit Committee in September 2016, where we reviewed our performance against a best practice CIPFA framework. The assessment enabled an honest reflection of our achievements and areas for attention against a robust framework. Some areas for improvement have been identified, which are reported in an action plan appended to this report which includes a review of the Audit Committee Terms of Reference and a formal skills assessment which will commence as we enter 2017/18.

We acknowledge our broad and important role and have reflected on the effectiveness of governance, risk management and control in providing an overall assurance opinion and informing the Council's Annual Governance Statement 2016/17.

The Wales Audit Office has recognised positive improvement steps in the Council's Corporate Assessment Follow On, issued in February 2016. However, I will re-emphasise the sentiments raised in last years' Annual Report, where we expressed how there is still much to do to embed change and improvement within the Council. There is a need for the Council to continue to work hard to fulfil its responsibilities and to ensure robust arrangements are in place for effective governance, risk management and control which are essential to ensure sustained improvements.

The importance of an effective Audit Committee remains critical in looking forward to 2017/18 and beyond, in the context of continued financial pressures, reshaping of services, new models of service delivery and a growing demand for public services.

2. The Role of the Audit Committee

The Audit Committee's role is to increase public confidence in the objectivity and fairness of financial and other reporting and provide independent assurance over governance, risk management and control processes.

The Local Government (Wales) Measure 2011 requires a Local Authority to have a Committee to:

- review and scrutinise the authority's financial affairs
- make reports and recommendations in relation to the authority's financial affairs
- review and assess the risk management, internal control and corporate governance arrangements of the authority
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements
- oversee the authority's internal and external audit arrangements, and
- review the financial statements prepared by the authority.

The Measure also requires Councils to have Lay Members in their Audit Committees. The Council has determined that the membership of its Audit Committee would be twelve Members (eight Elected Members and four Independent Lay Members), which meets the requirement of the Measure and the proposals in the draft Local Government (Wales) Bill.

The Terms of Reference of the Committee for 2016/17 was as follows:

Governance, Risk & Control

- To consider the Council's corporate governance arrangements against the good governance framework by way of the process of compiling the Annual Governance Statement.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council.
- To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register.
- To consider any Anti-Fraud strategies, policies or procedures.

Internal Audit

- To approve the Internal Audit Strategy comprising the risk-based internal audit plan, containing the internal audit resources (resources include; Audit, Investigations, Risk & Governance and Programme and Project Assurance Teams).
- To approve significant changes to the risk-based internal audit plan and resource requirements.
- To consider reports from the Audit Manager on Internal Audit's performance during the year e.g. progress reports.
- To consider the Audit Manager's Annual Report, including the statement of conformance with the Public Sector Internal Audit Standards 2013 and the results of the Quality Assurance and Improvement Programme that supports the statement. Fundamental to the annual report is

the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control together with a summary of the work supporting the opinion.

- To receive summaries of specific internal audit reports in accordance with agreed protocols.
- To receive reports on fraud prevention and detection initiatives and updates to any related policies and strategies.
- To receive reports of any significant incidents of fraud or financial impropriety and actions taken to enhance controls where this is considered necessary.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditors.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.

Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Accountability Arrangements

- To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks.
- To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- To work in synergy with the five Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.

Training & Development

- To attend relevant training session in accordance with the Member Development Programme including specialist training tailored for Members of the Audit Committee e.g. treasury management.

3. Our Work in 2016/17

The work of the Audit Committee can be split into two: the Committee receives regular reports in relation to the standard agenda themes, and also receives ad-hoc / one-off reports based on risk, governance or internal control issues. Each of these aspects is reported on below.

4. Standard Items

4.1 Finance

The Corporate Director Resources (Section 151 Officer) has provided financial updates at every meeting outlining the budget strategy, financial resilience and the Council's overall financial position. This is to provide Committee Members with an overview of the financial standing of the Council. It has provided a regular opportunity to raise questions on the budget and general finance matters during a period of ongoing unprecedented financial pressure.

Achieving the necessary savings in some directorates has proved difficult and this is reflected on later in this report, with budget prioritisation and control being a key observation of the Audit Committee.

The Committee has received and had the opportunity to comment on key finance reports in 2016/17, including:

- Draft Statement of Accounts 2015/16 and Audit Report
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2015/16 and Audit Report
- Welsh Pool Pension Fund Governance
- Treasury Management reports and updates
- Financial Resilience updates and snapshots
- Draft Statement of Accounts/Annual Governance Statement 2016/17.

The Audit Committee has expressed concern about significant overspends and unrealised income targets in the Social Services Directorate. The Director of Social Services attended Committee in November 2016 to outline the work and strategy to address this issue which is drawn upon in Section 5.3.

4.2 Governance and Risk Management

The Audit Committee has formed a view on the Council's governance, risk management and internal control arrangements taking into account the information presented by the Corporate Director Resources (Section 151 Officer), the Wales Audit Office (WAO), the Audit Manager, Risk Management Team and other officers of the Council.

The Annual Governance Statement (AGS) is an important governance disclosure which the Audit Committee plays a key role in contributing to and challenging. Audit Committee considered the AGS as part of the Statement of Accounts 2015/16 in June 2016 and September 2016.

The Committee has had early involvement in the draft AGS 2016/17, in which the 'Opinion of the Audit Committee' (section 8) will be disclosed.

The Committee has received and had the opportunity to comment on the following governance and risk management disclosures:

- June 2016 – Corporate Risk Register Year-End Position 2015/16;
- November 2016 - Senior Management Assurance Statement Mid-Year Responses 2016/17;
- November 2016 – Corporate Risk Register Mid-Year Position 2016/17;
- January 2017 - Mid-year AGS Action Plan of significant governance issues;

- March 2017 - Draft AGS 2016/17.

Audit Committee has welcomed re-assignment of risk management responsibilities from March 2016 which enable the Internal Audit function to independently review and audit risk management arrangements going forward. This year has also seen the introduction of a corporate risk map which has helped demonstrate how effectively risks are being managed.

The Committee has been informed of the risk management approach being followed, which is aligned to enhancing the council's risk maturity. The suggested inclusion of Cyber Security on the corporate risk register from the Audit Committee is being progressed at the year-end.

Biannual updates on corporate risks and senior management assurance statement responses have been received by Audit Committee. We have welcomed the introduction of the Chief Executive disclosures in 2016/17 and a commitment given to introduce increased validation of disclosure responses.

4.3 Treasury Management

The Treasury Management Strategy approved by the Council, sets out the role Committee Members have to fulfil in this area.

Over the past twelve months the Committee has received reports on the Treasury Management Annual Report, Mid-Year Report 2015/16, Treasury Management Strategy 2016-17 and the Treasury Performance and Practices Reports.

Through the treasury management reports and updates in each Committee meeting, Members have had the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, and the Committee believes that it has added value by probing and scrutinising strategies, reports and data provided.

4.4 External Audit (Wales Audit Office)

The Committee places reliance on the work of the Wales Audit Office (WAO) as the Council's external auditors. The Committee has received key documents throughout the year:

- Cardiff Regulatory Programme Letter 2016-17;
- Annual Improvement Report 2015-16;
- Audit of Financial Statement for City of Cardiff Council 2015/16;
- Audit of Financial Statement Report – Cardiff & Vale of Glamorgan Pension Fund 2015/16.

An arrangement is in place for WAO staff to present their work at each Committee meeting and engage with members on key findings, progress and timetable of forthcoming reports.

Additionally Audit Committee Members receive a number of other national and regional reports and studies from WAO in each meeting, with the key findings and messages communicated.

Audit Committee has received assurance from the progress recognised in the Corporate Assessment Follow On if the Council in February 2016 and the Annual Improvement Report 2015/16 presented to members in September 2016.

4.5 Internal Audit

Similar to the External Audit arrangements, the Committee places reliance on the work of the Council's in-house Internal Audit Team. The Audit Committee approved the Internal Audit Charter (as part of the Audit Strategy) and Internal Audit Plan for 2016/17. Throughout the year the Committee gained assurances from considering the following key documents:

- Internal Audit Quarterly Progress Reports
- Internal Audit Executive Summaries
- Internal Audit Annual Report
- Value for money Studies
- Changes to key documents / policies.

Since March 2016 the Head of Finance has acted as Internal Audit Manager and has provided all necessary updates to Audit Committee, supported by two Group Auditors. Through the Audit Manager role there is functional reporting to the Audit Committee and administrative reporting to the Corporate Director Resources. Committee has also been informed that there are reporting safeguards in place to remove the involvement of the Head of Finance in internal audits relating to the finance function.

The Audit Committee has been provided with an overview of all audit reports issued but emphasis has been on those audits where "Limited assurance" audit opinions have been reported and in seeking assurance around improvement, through implementing audit recommendations.

Further detail on some outcomes from the work of the Internal Audit Team is shown later in the section 'One-off Items' and the Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report is presented to the June 2017 meeting of the Audit Committee. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and internal control, based on the work undertaken by the Internal Audit team.

4.6 Scrutiny Correspondence

Audit Committee has started to receive summary reports of Scrutiny Correspondence and copies of relevant published scrutiny letters at each Committee meeting commencing September 2016.

This standard agenda item has been introduced as a process to support greater awareness of the work of Scrutiny and facilitate complimentary working. Work is ongoing to ensure the correct balance between awareness, assurance and focus are achieved.

5. One-off Items

The Committee received the following one-off reports / updates in 2016/17.

5.1 Education & Lifelong Learning

The Director of Education attended Audit Committee in September 2016 to report on School Governance and Deficits.

It was reported that 20 schools (12 primary and 8 secondary) carried forward deficit balances into the financial year 2016/17, but each school and governing body had a Medium Term Financial Plan (MTFP) to balance the budget and finance officer support. In September 2016 the Director of Education provided assurance that every school in deficit had achieved a balanced in-year budget with no further increases in planned deficits. This matter continues to be monitored through the corporate risk register mechanism.

School governance has also continued to be highlighted as an area for improvement through the results of the internal audits undertaken and a Control Risk Self Assessment (CRSA) audit process. Audit Committee continues to monitor the results of internal audit reports, together with the effectiveness of interventions where they have been required to improve financial management and governance.

Upon the request of the Audit Committee, a review of Supply Teachers was undertaken and Audit Committee was provided with a WAO report 'Covering Teaching Absences' with recommendations for Welsh Government, Local Authorities and Schools. Audit Committee was informed by the Director of Education that from September 2016, training will be offered to Governors in monitoring absences.

5.2 City Operations

In respect of a Highways Street Operations Payroll Audit, the Committee has continued to seek assurances that the recommendations raised in 2011, 2014 and a May 2015 have been sufficiently addressed. In September 2016 the Director of City Operations and Operational Manager Assets, Engineering and Operations attended Audit Committee to answer questions regarding the progress made. Audit Committee has requested a further report to provide evidence and assurance that the recommendations made have been fully addressed.

5.3 Social Services

The financial position of the Social Services Directorate has continued to be a significant area of attention, with non-delivery of historic savings and costs continually exceeding budgets. In November 2016, the Director of Social Services attended Audit Committee to respond to the financial concerns. Audit Committee was provided with a WLGA briefing paper, which emphasised that Social Service demand increases, cost escalation and financial deficit is a national issue for local authorities.

Audit Committee welcomes the objectives of a new approach to develop an integrated service / financial strategy to better forecast demand and align strategies accordingly. Audit Committee has requested a presentation of the financial proposals once approved by Cabinet at the financial year end 2016/17.

The Chairperson has written to the Chief Executive and Section 151 Officer outlining the Audit Committee concerns and expressing the importance of accurate cost and demand forecasts, sufficient budget provision and clear accountability for achieving the budget set.

5.4 Internal Audit

Internal Audit conformance with the mandatory Public Sector Internal Audit Standards (PSIAS) is subject to an external review. The scope and form of the review has been approved by the Audit

Committee and we welcome the validation and opportunities for improvement that an external assessment will bring over the coming months.

In September 2016, Audit Committee received an Internal Audit self-assessment action plan which the team is working towards to deliver improvement opportunities. This has involved a refinement of the Internal Audit Charter and the Audit Plan which were subsequently approved by Audit Committee in March 2017.

5.5 Welsh Pool Pension Fund Governance

The Committee has received a report from the Pensions Manager providing an update on the development of a Wales Investment Pool to manage the investment assets of eight Local Government Pension Scheme (LGPS) funds in Wales and the proposed governance arrangements for the Pool.

The proposed Wales Investment Pool includes the establishment of a Joint Governance Committee comprising an elected member from each administering authority, supported by an Officer Working Group. The Council approved the establishment of the Pension Committee in June 2016 in order to exercise strategic oversight of its responsibilities for the administration of the Pension Fund.

Audit Committee has requested that in the event of any future proposals regarding the governance of the Welsh Pool Pension Fund that it is presented to Audit Committee prior to implementation.

6. Audit Committee Self-Assessment

In September 2016 Audit Committee held a self-assessment workshop, where performance was reviewed against a best practice CIPFA framework.

The assessment involved a review of good practice and effectiveness, as well as a progress review against the Audit Committee 2015/16 assessment. The assessment has provided Audit Committee with a good level of assurance in the delivery of its core role and function. The assessment results and the action plan of eight improvement actions are appended to this report.

The key areas of attention are refining the Audit Committee terms of reference for the new municipal year and undertaking a formal member skills assessment.

7. Key Observations 2016/17

With the support of the Wales Audit Office, Internal Audit and other Council officers, a Work Programme was developed setting out the priorities for the year. This centred on delivering the Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has concentrated on areas considered to be high profile and / or high risk within the Council, and have met officers responsible for various aspects of service delivery. This has enhanced the Committee's understanding of the services provided and the challenges faced. In addition, the Committee has had the opportunity to challenge and discuss actions taken in

response to both External and Internal Audit Reports. It is recognised that the Council has continued to face severe financial challenges with an ongoing need to realise efficiencies and implement new service delivery approaches. It is vital that good governance is maintained. The Committee will continue to support the Council as it responds to these challenges.

8. Opinion of the Audit Committee for 2016/17

Based on the evidence presented to the Audit Committee during 2016/17, it is the considered view of the Committee that the Council does, for the most part, have sound financial controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee has continuing concerns, which will be incorporated into the Committee's Work Programme for 2017/18, include:

8.1 Budget Prioritisation / Control

The Audit Committee recognises the significant sustained financial pressure that the Council is under. Budget monitoring (control) has been reported as a 'red' corporate risk in each Audit Committee meeting in 2016/17 and the Corporate Director Resources has reported the outturn position in each finance update.

Audit Committee has raised concern that in some areas there have been significant overspends, with those in the Social Services Directorate being most notable. Audit Committee has explored the sufficiency of the budget for Social Services to meet demand and cost requirements. It is positive that both the Corporate Director Resources and the Director of Social Services have attended Audit Committee and expressed the same sentiments that there has been a need to forecast demand better, but also that there is scope to improve the accountability of delivering the required savings within the Directorate.

It is crucial that budgets are prioritised to deliver robust and achievable savings, and assurance has been received from the Corporate Director Resources that greater continued work is ongoing to further enhance the budget setting process and its delivery.

8.2 Organisational Development

The Chief Executive has attended Audit Committee to discuss the Corporate Assessment Follow On report which was published by the Wales Audit Office (WAO) in February. Audit Committee recognises the importance of the Organisational Development Programme (ODP) in contributing to the improvements required through its programmes of work.

Audit Committee recognises that delivery against the ODP and the Corporate Assessment are being monitored and challenged by other Committees (namely the Policy Review and Performance Scrutiny Committee). However, at a time of continued financial pressure, Audit Committee has a particular interest in the demonstration of the ODP as enabling the delivery of key savings. This need has been supported by the Corporate Assessment Follow On report, which highlighted a need for a clear link between Medium Term Financial Plan savings plans and work streams or projects in the ODP.

The Chief Executive has provided explanation of a number of mechanisms which have been put in place to improve organisational planning and delivery. In terms of budget setting, the process

for 2017/18 was brought forward to improve forward planning and engagement, a refresh of the ODP was made in June 2016, and a new Head of Performance and Partnerships post was created in 2015/16 to strengthen performance management. Audit Committee anticipates the next report from WAO to recognise the effectiveness of these improvements.

Internal Audit has undertaken a Control Risk Self Assessment (CRSA) approach to auditing a pilot of ODP projects and an audit of OD Governance. It is positive to note overall satisfactory assurance.

8.3 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 are integrated within new or reformed processes and systems. At a time when many decisions have to be finance driven it is essential that internal controls are not neglected or impaired.

Audit Committee has continued to invite those senior managers and 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.

Audit Committee has welcomed an external assessment of the Internal Audit Team as required in the Public Sector Internal Audit Standards (PSIAS) which is commencing at the municipal year end 2016/17. Internal audit is a key source of assurance for the Audit Committee on financial and internal control, and external validation of conformance with the PSIAS offers us assurance and enables greater promotion of the value of the Internal Audit services.

8.4 Contract and Procurement Matters

‘Commissioning capability and capacity’ has been carried forward as a significant governance issue from 2015/16. Audit Committee has taken an interest in the progress made to address this issue, through which management propose separating the Commissioning Strategy from the Procurement Strategy to provide clear and distinct guidance for the separate disciplines. Audit Committee is keen that this work is progressed and promptly, given the high value for money implications in a context of significant procurement and contract spend.

The Building Maintenance Framework is a high value contract which has been of interest to Audit Committee for a number of years in respect of its cost and the quality and effectiveness of service delivery. Members have raised contract management concerns over the operation of this contract following multiple issues being raised by constituents relating to the standard of work completed on domestic Council properties as part of the framework. Last financial year, Audit Committee was presented with a briefing which summarised the findings of an independent report on the Building Maintenance Framework from Constructing Excellence Wales (CEW).

With the knowledge that a new commissioning and procurement process is underway for the next iteration of this framework contract, Audit Committee has taken a keen interest in emphasising that the following issues in the existing contract are sufficiently addressed. Audit Committee has emphasised the need:

- for better communication of the policies and processes with Elected Members;
- for a focussed single Council delivery approach to provide best use of resources and improved monitoring, customer service and satisfaction;
- to ensure effective use of Council resources, value for money in parallel to effectiveness and efficiencies of current framework;
- to learn from current framework contract arrangements;
- for a robust process for complaints; their review; and consideration be given to a quality assurance report for tenants / clients to complete and return (aimed at providing the more vulnerable people with a greater opportunity to comment on work done and quality issues);
- for the Building Maintenance Project Board to continue to monitor the implementation of the recommendations arising from the CEW report.

At a time when the Council is moving towards new models of service delivery Audit Committee will continue to seek assurances that improvements are being made to contract management on a Council-wide basis. Audit Committee will continue to monitor the findings of Internal Audit reports and the progress of the Building Maintenance Project Board.

8.5 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 2016/17. Committee has also received a report from the Wales Audit Office (WAO) of their financial resilience assessment of the Council, which took place between May – October 2015. Whilst the report provided 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.

Sound treasury management is recognised as vital to safeguard and provide best value from the Council's borrowing and investments. Audit Committee has continued to probe the levels and profiles of investments and borrowing throughout the year and has played a key role in reviewing the Treasury Management Strategy and Reports. This will continue to be a key area of focus going into 2017/18.

8.6 Schools Governance & Compliance

Audit Committee has continued to raise concerns about governance and compliance matters in schools. Historically, Audit Committee has received a greater proportion of 'Limited Assurance' and 'No Assurance' audit reports in relation to schools, compared to the rest of the Authority. This trend has not improved in 2016/17, with Internal Audit opinions of both 'Limited Assurance' and 'No Assurance' issued to Cardiff schools this year. Particular concerns and details have been discussed in Audit Committee meetings, together with relevant management responses.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. Although practices can only be commended, given the size of school budgets and the reputational risks associated with weaknesses in school governance, this area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

9. Looking ahead to 2017/18

During the forthcoming municipal year the Committee will continue to be guided by the Corporate Director Resources, the Audit Manager and the Internal and External Audit teams.

The Audit Committee’s programme of work will continue to be aligned to delivering its terms of reference effectively. This will include monitoring the management of the existing matters highlighted in the ‘Opinion of the Audit Committee 2016/17’ as well any new issues which require our attention.

The Committee’s Work Programme will continue to be reviewed to ensure the contribution to governance, risk management and control are maximised, with work progressed to further realise the synergies between the Council’s Audit and Scrutiny Committees.

10. Audit Committee Membership 2016/17

The Committee consists of four Independent Lay Members and eight Non Executive Councillors (one vacant), elected by Council (detailed in Annex 2). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually.

The Committee is serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer) and the Audit Manager. Representatives from the WAO also attend Audit Committee meetings.

The Audit Committee met on 5 occasions throughout the municipal period 2016/17 on the following dates: 27 June 2016, 19 September 2016, 29 November 2016, 24 January 2017 and 14 March 2017.

11. Attendance in 2016/17

Attendance 2016/17	Possible	Actual
Independent Lay Members		
Ian Arundale (Chairperson)	5	tbc
Professor Maurice Pendlebury (Deputy Chairperson)	3	tbc
Hugh Thomas (Deputy Chairperson, 29.11.16)	5	tbc

David Price (filled vacant post 25.11.16)	Ab: 29.11.16 3	tbc
Gavin McArthur (replaced Professor Maurice Pendlebury 01.12.16) – attended 29.11.16 meeting as an observer	2	tbc
Non Executive Councillors		
Councillor Nigel Howells	5 Ab: 19.09.16	tbc
Councillor Bill Kelloway	5 Ab: 27.06.16	tbc
Councillor Mary McGarry	5 Ab: 19.09.16	tbc
Councillor Paul Mitchell	5	tbc
Councillor Jim Murphy	5	tbc
Councillor David Walker	5	tbc
Councillor Christopher Weaver	5 Ab: 24.01.17	tbc

During 2016/17 the Committee experienced a number of changes in membership. Professor Pendlebury stepped down as Deputy Chair of the Audit Committee and Cllr Dianne Rees stepped down as a member of the Audit Committee.

Two Independent Lay members commenced in November and December 2016 respectively (David Price and Gavin McArthur). They have received induction information and training from Finance managers in governance, risk management and treasury management.

11. Audit Committee Contacts

Ian Arundale Chairperson of Audit Committee	arundale@btinternet.com
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<p>Christine Salter Corporate Director Resources</p>	<p>029 2087 2301 C.Salter@cardiff.gov.uk</p>
<p>Ian Allwood Head of Finance / Audit Manager</p>	<p>029 2087 2809 I.Allwood@cardiff.gov.uk</p>
<p>Matthew Coe Audit Manager, Wales Audit Office</p>	<p>Matthew.Coe@audit.wales</p>
<p>Ann-Marie Harkin Engagement Director, Wales Audit Office</p>	<p>029 2032 0562 info@wao.gov.uk</p>
<p>Steve Barry Audit Manager, Wales Audit Office</p>	<p>Steve.Barry@audit.wales</p>
<p>Timothy Buckle Performance Audit Lead, Wales Audit Office</p>	<p>Timothy.Buckle@audit.wales</p>

Annex 1 Self-Assessment: Improvement Actions – Updated Position (February 2016)

Ref.	Improvement Actions	Target Date	Action Owner
Actions Carried Forward from 2015/16			
1.	<p><u>Internal Audit Resource</u></p> <p>The impact of reducing resources within the Audit team to continue to be monitored and highlighted. Regular reports are required from the Audit Manager.</p>	Ongoing	Audit Manager
2.	<p><u>Audit / Scrutiny Protocol</u></p> <p>In order to address the issue of items being considered by Scrutiny overlapping with Audit Committee, a protocol is to be developed by officers.</p> <p>This will be progressed though engagement with the new Director for Governance and Legal Services (Davina Fiore).</p>	Ongoing	Audit Manager & Director, Governance and Legal Services.
(New) Proposed Improvement Actions			
3.	<p><u>Audit Committee Terms of Reference</u></p> <p>Audit Committee to review its Terms of Reference in consideration of the CIPFA best practice guidance in readiness for the 2017/18 municipal year. This will also require consideration of the Local Government (Wales) Bill implications for the anticipated widening role of the Committee.</p> <p>Focus is particularly required in respect of the extent of risk management, performance and partnership oversight responsibilities.</p>	March 2017	Audit Committee, Audit Manager & Director, Governance and Legal Services.
4.	<p><u>Role and Purpose of Audit Committee</u></p> <p>The Audit Committee to consider the publication of a newsletter to assist officers and members in understanding its role, purpose and work.</p>	January 2017	Audit Manager
5.	<p><u>Audit Committee information / Reports</u></p> <p>There is an opportunity to discuss the ongoing work programme at the end of each Audit</p>	January 2017	Audit Manager

	Committee meeting and to decide if additional reports are to be requested from Management.		
6.	<u>Agenda Setting</u> The pre Audit Committee Meeting could have more briefings and officer presentations. This would assist in the wider discussion of issues which may be of interest at the agenda setting stage.	January 2017	Audit Manager
7.	<u>Knowledge and Skills</u> The CIPFA 'Audit Committee Members – Knowledge and Skills Framework' to be trailed for skills and development assessments on a low impact basis.	January 2017	Audit Manager & Audit Committee
8.	<u>Audit Committee Minutes</u> Audit Committee minutes are required more promptly, with a target of a two week turnaround for the Chair to review.	November 2016	Democratic Services

Audit Committee Self-Assessment

A) Self-Assessment of 'Effectiveness'

Assessment Key

Score	Description
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Self-Assessed Score

Areas where the audit committee can add value by supporting improvement	Score
Promoting the principles of good governance and their application to decision making.	4
Contributing to the development of an effective control environment.	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	3.5
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	4.5
Supporting the development of robust arrangements for ensuring value for money.	3.5
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	4.5
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	4.5




B) Self-Assessment of 'Good Practice'




Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?	√		
2	Does the audit committee report directly to full council? (Applicable to local government only.)	√		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		√	
4	Is the role and purpose of the audit committee understood and accepted across the authority?	√		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	√		
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	• good governance		√	
	• assurance framework	√		
	• internal audit	√		
	• external audit	√		
	• financial reporting	√		
	• risk management	√		
	• value for money or best value		√	
	• counter-fraud and corruption.	√		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√		
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether	√		





	it would be appropriate for the committee to undertake them?			
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	√		
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√		
Membership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • where independent members are used, that they have been appointed using an appropriate process. 	√		
13	Does the chair of the committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the committee with briefings and training?	√		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			√
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	√		
17	Is adequate secretariat and administrative support to the committee provided?	√		
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	√		
19	Has the committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the committee have an action plan to improve any areas of weakness?	√		


Annex 2 - Audit Committee Member Profiles

Current Membership



 <p>Ian Arundale (Chair) (Independent Lay Member)</p>	<p>Ian Arundale is a self-employed Law Enforcement and Security Consultant. He was a police officer for 32 years serving in South Wales, West Mercia and Dyfed-Powys Police Forces rising to the rank of Chief Constable.</p> <p>Ian was the UK lead on behalf of the Association of Chief Police Officers (ACPO) for 'Armed Policing' policy and practice and chaired the UK 'Conflict Management' portfolio.</p> <p>He works internationally and has recently assisted police forces and organisations in the USA and New Zealand.</p> <p>Ian holds a diploma in Applied Criminology from Cambridge University, an MSc (Econ) degree in Criminology and Criminal Justice from Cardiff University and a BA (Hons) degree in Police Studies. He is a Fulbright Fellow and a graduate of the Prime Ministers 'Top Management' programme.</p> <p>In addition to his role with work with Cardiff Council, he is also a member of the Discipline Committee of the Royal College of Veterinary Surgeons and a board member of the International Law Enforcement Forum (ILEF)." He was awarded the Queens Police Medal (QPM) in 2011.</p>
 <p>Hugh Thomas (Deputy Chair) (Independent Lay Member)</p>	<p>Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995.</p> <p>He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health. He was also a non-Executive Director of Welsh Water. He served as Chairman of The Regulatory Board for Wales 2010 – 2016.</p> <p>Currently, he is serving a second term as one of the fifteen Trustees of The National Library of Wales.</p>
 <p>Gavin McArthur (Independent Lay Member)</p>	<p>Gavin McArthur recently left the Civil Service where he was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. Prior to that he held senior management roles in internal audit functions in local and central government. His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit and performance management.</p> <p>Following a degree in Geological Sciences from Birmingham University, Gavin qualified as a CIPFA accountant with Coventry City Council where he undertook a range of financial management and accounting roles, including audit.</p>

	<p>A keen sportsman, who played semi-professional football for VS Rugby, Gavin now has coaching qualifications in rugby, goalkeeping and strength and conditioning. He currently coaches at a local rugby club and for a university football team, and is an experienced Tai chi practitioner.</p>
 <p>David Price (Independent Lay Member)</p>	<p>David Price is a strategic planner and policy specialist in the UK education and knowledge exchange sector with executive-level experience.</p> <p>Educated at the universities of Sheffield and Newcastle-Upon-Tyne and at schools in the UK and abroad, David is a graduate of the Leadership Foundation for Higher Education's Top Management Programme.</p> <p>He has worked for two non-governmental public bodies and three universities, acted as a critical friend to educational agency sponsored initiatives, provided consultancy services and taught in secondary schools.</p> <p>David's professional interests focus on the development and creative use of performance systems, business intelligence, risk management, regulation and governance.</p>
 <p>Cllr Nigel Howells (Liberal Democrats)</p>	<p>Serving the Adamsdown Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Bilingual Cardiff Member Group • Council • Economy & Culture Scrutiny Committee • Policy Review and Performance Scrutiny Committee (Chair) <p>Outside Bodies:</p> <ul style="list-style-type: none"> • Cardiff Business Technology Centre (CBTC) • Local Government Association General Assembly
 <p>Cllr Bill Kelloway (Liberal Democrats)</p>	<p>Serving the Penylan Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council • Licensing Committee • Licensing Sub Committee • Public Protection Committee • Public Protection Sub Committee

 <p>Cllr Mary McGarry (Labour)</p>	<p>Serving the Plasnewydd Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Community & Adult Services Scrutiny Committee (Chairperson) • Council <p>Outside Bodies:</p> <p>Cardiff Action for the Single Homeless (Huggard Centre) Cardiff County Club Standing Advisory Council for Religious Education (SACRE)</p>
 <p>Cllr Paul Mitchell (Labour)</p>	<p>Serving the Fairwater Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council • Environmental Scrutiny Committee (Chairperson) <p>Outside Bodies:</p> <p>Cardiff County Club South Wales Intercultural Community Arts (SWICA)</p>
 <p>Cllr Jim Murphy (Labour)</p>	<p>Serving the Ely Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Children and Young People Scrutiny Committee • Council • Council Appeals Committee • Democratic Services Committee • Licensing Committee (Deputy Chair) • Licensing Sub Committee (Deputy Chair) • Planning Committee • Policy Review and Performance Scrutiny Committee • Public Protection Committee (Deputy Chair) • Public Protection Sub Committee (Deputy Chair)
 <p>Cllr David Walker (Conservative)</p>	<p>Serving the Lisvane Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Constitution Committee • Council • Employment Conditions Committee • Policy Review and Performance Scrutiny Committee

 <p>Cllr Christopher Weaver (Labour)</p>	<p>Serving the Cathays Ward.</p> <p>Term of Office: 03/05/2012 –</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Council
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Past Membership 2016-17

 <p>Professor Maurice Pendlebury (Independent Lay Member)</p>	<p>Maurice Pendlebury is a qualified accountant and until his retirement he was a professor of accounting at Cardiff Business School.</p> <p>He has wide experience of many areas of management in both the public and private sectors and is the author of numerous books and articles on accounting and financial management topics.</p> <p>He was a non-executive director of the Cardiff and Vale NHS Trust from April 2007 to September 2009 and he is currently a governor of a high school in Cardiff.</p> <p>He was appointed as an independent member of the Audit Panel in 2010 and remained a member when the panel changed and became the current Audit Committee.</p>
 <p>Cllr Dianne Rees (Conservative)</p>	<p>Serving the Pontpennau & Old St Mellons Ward.</p> <p>Term of Office: 03/05/2012 -</p> <p>Serving on the following committees:</p> <ul style="list-style-type: none"> • Audit Committee • Children and Young People Scrutiny Committee • Constitution Committee • Council • Council Appeals Committee



Cardiff Council

Standards and Ethics Committee

Annual Report 2016/17



The Ten General Principles of Public Life

<p>Selflessness – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.</p>	<p>Personal judgement – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.</p>
<p>Honesty and integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.</p>	<p>Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.</p>
<p>Objectivity – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefit.</p>	<p>Duty to uphold the law – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.</p>
<p>Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.</p>	<p>Stewardship – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.</p>
<p>Openness – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.</p>	<p>Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.</p>
<p><i>“Nolan Committee on Standards in Public Life”</i></p>	

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Chair's Foreword

I am pleased to present the Committee's Annual Report, which outlines the work undertaken by the Committee in 2016-17.

The Committee has continued to make itself more visible, through attendance at Council and Committee meetings and its Member briefings. I was pleased to have the opportunity of meeting and addressing Members at the induction sessions following the last elections and to attend one of the training sessions on the Code of Conduct. Committee members played a part in designing the exit survey undertaken in February 2017 and the induction and development programme for new Members.

The exit survey findings on incidents of bullying or discriminatory behaviour raised concerns, which required addressing. The Committee welcomes moves to strengthen training on these subjects, to provide confidential counselling support to Members if required, to continue to monitor Members' perceptions, and to ensure any alleged incidents are properly dealt with.

Committee members shared widespread concern about levels of conduct in some full Council meetings - which attracted adverse comment in public media and risked affecting the overall reputation of the Council. It also undermines the great dedication that individual Councillors bring to their everyday work in their role. The new Council gives the opportunity for a fresh start in this regard.

The Committee has not been called upon at all in the past year to act in its formal adjudication role. The analysis of complaints contained in the report shows that most complaints were resolved informally or by the Monitoring Officer. Three cases referred to the Public Services Ombudsman for Wales were not proceeded with because of lack of sufficient evidence of a breach of the Code of Conduct. Three cases are still outstanding. One case outstanding from last year was dealt with by the Adjudication Panel for Wales. Of eight cases referred last year to the Ombudsman, involving Community Councillors, three were not investigated and in the remaining five, no evidence of breach of the Code was found.

The work programme reflects our intention to be more pro-active in promoting good standards of practice and seeking to resolve problems at an early stage, rather than relying on reacting to complaints once they reach a more formal level.

As ever, the Committee's work relies heavily on the support it receives from officers, particularly Davina Fiore and all her staff. I wish to record our thanks to them. I wish personally to thank my fellow Committee members, and to make particular mention of Community Councillor John Hughes, who stands down at the end of a lengthy and loyal term of office, and of independent member Hollie Edwards-Davies, who is standing down after a less lengthy but active period of service.

Richard Tebboth
Chair of Standards and Ethics Committee
Cardiff Council

The Role of the Standards and Ethics Committee

The Committee operates within a statutory framework and the following terms of reference:

- (a) To monitor and scrutinise the ethical standards of the Authority, its members, employees and any associated providers of the Authority's services, and to report to the Council on any matters of concern.
- (b) To advise the Council on the content of its Ethical Code and to update the Code as appropriate.
- (c) To advise the Council on the effective implementation of the Code including such matters as the training of members and employees on the Code's application.
- (d) To consider and determine the outcome of complaints that Councillors and co-opted members have acted in breach of the Code in accordance with procedures agreed by the Standards Committee, including the imposition of any penalties available to the Committee.
- (e) To oversee and monitor the Council's whistleblowing procedures and to consider ethical issues arising from complaints under the procedure and other complaints.
- (f) To grant or refuse requests for dispensations in respect of members' interests under the Members Code of Conduct in accordance with the relevant statutory provisions.
- (g) To undertake those functions in relation to community councils situated in the area of the Council and members of those community councils which are required by law.
- (h) To recommend to Council and the Cabinet any additional guidance on issues of probity.
- (i) To hear and determine any complaints of misconduct by members or a report of the Monitoring Officer, whether on reference from the Ombudsman or otherwise.
- (j) To recommend the provision to the Monitoring Officer of such resources as he/she may require for the performance of his/her duties.

The Committee has identified its major role as being to:

- Promote and maintain high standards of conduct by County Councillors, Community Councillors and Co-opted Members.
- Provide support advice and training for County Councillors and Community Councillors on conduct and personal interests.
- Monitor the operation of the Code of Conduct and the governance of the Council.
- Hear and determine any complaints referred by the Public Services Ombudsman for Wales.
- Provide advice and guidance on the whistleblowing procedure, constitutional, protocols and ethical issues.

The Committee operates on the clear understanding that Elected Members that sit on the Committee are independent of political allegiance and that all discussions and decisions are taken with ethical principles at the forefront. The Committee is mindful that not all political groups are represented on the Committee, but welcomes attendance by all Members at its meetings and is happy to receive contributions from those groups not so represented. The Committee wishes to do all it can to support Elected Members in their role.

The Committee's Work in 2016/17

LOCAL RESOLUTION PROTOCOL

Cardiff Council adopted a Local Resolution Protocol in May 2013, as recommended by the Ombudsman, to deal with relatively 'low-level' behavioural complaints made by Members about other Members. The aim of local resolution is to resolve matters at an early stage, so as to avoid the unnecessary escalation of a situation which may damage personal relationships within the authority and the authority's reputation.

The Committee reviewed the Protocol and observed that local resolution was generally agreed to have been helpful in resolving Member disputes within Cardiff Council. Various minor amendments to the Protocol were recommended, to ensure it remained up to date and fit for purpose.

The Committee considered whether the Protocol should be extended to officers, for low level complaints about the conduct of a Member. Whilst officer complaints are usually dealt with informally by the Monitoring Officer, it was noted that extending the Protocol to officers would allow the option of Hearings Panel proceedings if appropriate. It was agreed that local resolution of officer complaints could similarly help to avoid unnecessary escalation of a situation and damage to personal relationships within the Council and the Council's reputation; and noted that some other authorities already extend their local resolution process to officers. The Committee therefore agreed to recommend the extension of the Protocol to officer complaints, subject to agreement by the Council's Senior Management team and full Council.

The Committee also considered whether the Protocol should be made available to Community Councillors. As local resolution is a voluntary arrangement, not having any statutory basis, the Committee asked the Monitoring Officer to discuss this with the community councils. Subsequently the Ombudsman has agreed a standard local resolution protocol for community councils which they may adopt with One Voice Wales (which represents Community Councils in Wales). This has been raised with Community Councils and may be a better option for them.

The recommended changes to the Protocol have been agreed by the Council's Senior Management Team and are due to be reported to full Council for approval in September 2017.

MEMBER BRIEFINGS

The Committee was asked to publish biannual Member Briefings on the work of the Standards and Ethics Committee as part of the Cabinet's approved Action Plan (21/03/16, Action P5a) following the Wales Audit Office Corporate Assessment Follow On Report. The aim of the Briefing is to underline the importance of the Cardiff Undertaking and Member conduct and behaviour.

The first Member Briefing was issued in August 2016; and included information for Members on:

- the aim of the briefing;
- the Cardiff Undertaking;
- the Wales Audit Office Corporate Assessment Follow-On findings in respect of Member conduct matters;
- the work of the Standards and Ethics Committee;
- the regular meetings of the Standards and Ethics Committee with Group Leaders and Whips;
- feedback from the Committee's Independent Members' on their observations of Council and Committee meetings;
- Code of Conduct complaints;
- the Social Media Guidance for Councillors issued by the Committee;
- the work of the Committee on Members' training and development (particularly in relation to the Code of Conduct); and
- useful contact details for standards and ethics matters.

A second briefing was later issued in March 2017 in the form of a message from the Standards Committee Chair to all Councillors. In this briefing, the Chair referred to allegations of bullying behaviour towards councillors and concern about this. He confirmed that a specific question about any such concerns was included in the Members' Exit Survey undertaken in February 2017, and emphasised that all survey responses would be treated in confidence. The Chair also extended an invitation to any Members who may have experienced such issues to speak with him personally. One Member took up this offer.

PLANNING COMMITTEE PROTOCOL

The Committee had previously expressed an interest in considering the openness and transparency of the Council's planning processes. However, Members noted that the Committee's terms of reference would only cover issues in relation to ethical standards, probity and Member conduct, whereas planning issues are the responsibility of the Planning Committee.

The Committee received a report on the Welsh Local Government Association (WLGA) draft Planning Committee Protocol, which had been circulated to all Welsh planning authorities for consultation. The Planning Committee had approved a response to the consultation, which was then considered by the Standards and Ethics Committee. (The Standards and Ethics Committee was not able to consider this before the consultation deadline as its May 2016 meeting was inquorate and cancelled).

The Committee observed that one aim of the Protocol was to ensure that there were no grounds for suggesting a planning decision had been biased, partial or not well-founded; and it was intended to complement any national and local codes on Councillor Conduct and general arrangements regarding the running of meetings. It also noted that the draft WLGA Protocol covered issues which are addressed in Cardiff's Members' Planning Code of Good Practice (which had been previously considered by the Standards and Ethics Committee) as well as matters addressed in the Planning Committee Procedure Rules. The Committee heard from the Operational Manager for Strategic Planning, who provided further information and answered Members queries.

Members welcomed the Protocol's reinforcement of principles relating to Member conduct and its guidance on avoiding perceptions of bias. They recommended that the Protocol, if adopted by Cardiff, should be incorporated in Members' training and development sessions. Concerns were raised about the arrangements in relation to Community Councils, and it would have been considered helpful to make reference to the role of principal authority Councillors who were also Community Councillors. The Committee noted that the Community Councils and their representative body, One Voice Wales, had also been consulted separately and had the opportunity to directly raise any such issues of concern with the WLGA.

SOCIAL MEDIA GUIDANCE

The Committee reviewed the social media guidance it had issued for Councillors in July 2014. It was content that the guidance remained relevant and useful and did not require amendment. However, it was agreed that it would be helpful to remind Members about the guidance; and that this issue should be included in the Committee's Member Briefing.

The Committee discussed its role in relation to inappropriate social media comments by Councillors and noted the Monitoring Officer's advice that the Council did not have the resources to routinely monitor Members' posts, but would consider any complaints made or issues raised. The Committee agreed it should be proactive on training and raising Members' awareness of the guidance. It was also suggested that Independent Members may find it useful to look at Members' social media posts to identify problems arising between Councillors. The Committee stressed the importance of Members making it clear when they are commenting in their personal capacity rather than in their role as elected Member, using separate accounts as appropriate, and that this was an area in which problems sometimes arose. It was agreed that Members' training should provide an opportunity for Members to discuss what is acceptable and unacceptable in their use of social media. This was included in the members' induction on the Code of Conduct.

WHISTLEBLOWING

The Committee's terms of reference include responsibility for monitoring and overseeing the Council's Whistleblowing Policy and considering any ethical issues arising from complaints made under the Policy. The Monitoring Officer keeps a record of all whistleblowing reports made, and reports annually to the Standards and Ethics Committee for this purpose.

The Committee received a report on whistleblowing cases recorded during 2016. It was noted that four whistleblowing reports had been recorded during 2016. Members considered the issues raised and the outcomes in each case, on a confidential and exempt basis, so as not to disclose the identities of the individuals involved.

Overall, the Committee was content that the Policy was working effectively, although it noted there was potential for misuse of the Policy by employees involved in ongoing disputes with the Council. There were no ethical concerns arising from the cases.

Members reiterated the importance of regularly refreshing the posters, leaflets and other communications activities used to publicise the Policy, so that all staff were aware they could safely report concerns. The Monitoring Officer confirmed that a suitable communications plan was in place, and included a simple guide leaflet and briefings for managers on their responsibilities under the Policy.

MEMBERS' EXIT SURVEY 2017

The Committee received and considered the anonymised findings of the Members' Exit Survey undertaken in February 2017, in respect of the issues falling within its remit.

The Exit Survey was open to all Cardiff Council Members holding the Office of Councillor since May 2012, and made available electronically and in hard copy, with support available to complete the survey, if necessary, from the Committee and Members Services team. In total 46 responses were received.

A number of questions had been included in the survey about bullying and discriminatory behaviour, as the Committee had noted that these issues were sometimes raised during Standards and Ethics Committee Hearings. The Committee was pleased to see a reasonable number of responses from Members to those questions. However, the responses indicated that a third of the Members who responded to the survey had witnessed some bullying behaviour, which was of concern to the Committee. The Monitoring Officer confirmed that this issue was being taken up with group leaders and whips and that she was underlining the responsibilities of Members and groups in this regard. The Committee was also glad to note that the confidential counselling service available for employees had been extended to Elected Members, and that this would be made clear to Members during the Member Induction Programme. The Code of Conduct training would also fully explain the penalties and sanctions which may be applied. The Committee stressed that any complaints about bullying behaviour would be dealt with promptly. The Monitoring Officer advised that the Democratic Services Committee had suggested a repeat of the survey at the end of the 2017 calendar year to capture the perceptions of newly elected Councillors; and the Standards and Ethics Committee agreed it would review Members' responses on this issue at that time.

COMMUNITY COUNCIL CHARTER

The Charter between Cardiff Council and Community Councils in Cardiff (known as *The Charter*) was adopted by the Executive in March 2012, reflecting the model Charter issued by the Welsh Government (under section 130-133 of the Local Government (Wales) Measure 2011.) The aim of the Charter was to support structured, regular engagement and communication between the two tiers of local government. The Charter states that the Standards and Ethics Committee will review progress towards achieving the measures and actions set out in the Charter, but this is not incorporated in the Committee's terms of reference, so the Committee has no authority itself to determine or change it.

The Committee had previously reviewed the Charter in response to concerns raised by the Community Council representative about its implementation. Having consulted with all six of Cardiff's Community Councils and taken advice from officers, the

Committee had recommended a number of amendments to the Charter, which were approved by Cabinet. However, the Community Councils had raised concerns with the planning section of the Charter, specifically, seeking a commitment to more consultation with community councils about the application of Section 106 funds and Community Infrastructure Levy funds arising from developments within their communities.

The Committee sought advice from the Council's Head of Planning about these planning issues, which are not within the Committee's terms of reference. His professional advice was that the existing consultation provisions were sufficient and appropriate and that the amendments requested by the Community Councils could not be agreed. The Committee asked the Head of Planning to liaise directly with the community councils and seek to resolve their concerns. Meetings were held between the community councils and planning officers, but unfortunately, no agreement has been reached.

As planning matters are not within the remit of the Standards and Ethics Committee, the Committee is unable to progress this matter further and Community Councils have been invited to consider agreeing the charter as it stands.

MEMBER INDUCTION AND DEVELOPMENT

The Standards and Ethics Committee has a role in ensuring that all Members receive appropriate training on the Code of Conduct. In recognition of the fact that the Member Induction Programme following the May 2017 elections would set the tone for the future administration, the Committee has sought to play an active role in the Induction Programme. The Committee agreed that the Chair of the Committee should address all Members following the Chief Executive's welcome to the induction sessions. The Chair took the opportunity to emphasise the importance of high ethical standards for all holders of public office and to introduce the work of the Committee.

The Committee has also supported the Monitoring Officer in making arrangements for the Code of Conduct training sessions, and identifying these as an essential training requirement for all Members. The content of the Code of Conduct training sessions has been developed to incorporate relevant issues, including Members' use of social media, behaviour which may be regarded as bullying or discriminatory, the important role of political groups in addressing conduct issues.

The Committee has agreed that, prior to sitting on a Hearings Panel to determine complaints under the Code of Conduct, Members of the Committee will receive bespoke training on hearings procedures.

The Committee has also taken a wider interest in Members' training and development, recognising that conduct issues may arise when Members have not received adequate training. It considered two reports on the Member Induction Programme developed by the Democratic Services Committee; and supported the amendment of the Cardiff Undertaking to include a commitment for all Members to attend training sessions identified as essential in order to perform their role.

HOSPITALITY PROVISION AND CONFERENCE ATTENDANCE

The Council's Internal Audit team asked the Committee to review the Council's procedures governing: (i) the provision of hospitality, gifts and benefits to others; and (ii) the attendance of Members and Officers at conferences, seminars and other events. The purpose of the review was to check whether appropriate controls are in place to ensure the proper use of public funds, as required under the Members' and Officers' Codes of Conduct.

The Committee noted that these are areas of significant public interest, and the importance of checking that the Council's procedures are in line with best practice. It was acknowledged that an appropriate balance was needed to provide adequate regulation and transparency, without imposing disproportionate administrative difficulties. In considering these issues, advice has been sought from the Council's Senior Management team and the Internal Audit office; and enquiries made to ascertain the approaches of other local authorities.

A number of areas for improvement have been identified, but this work is still ongoing. The Committee will seek to agree and introduce revised procedures towards the end of 2017; and then implement a communications plan to ensure that all staff and Members understand the new rules and requirements.

REGISTER OF MEMBERS' GIFTS AND HOSPITALITY

Under the Members' Code of Conduct, Members are required to register any gifts and hospitality received which exceed the threshold value set by the Council of £25. The Standards and Ethics Committee annually reviews the Council's statutory register to monitor compliance and discuss any issues of concern.

The Members' Hospitality Registers for the period from September 2015 to September 2016 were considered by the Committee at its meeting in November 2016. The Committee noted that many of the Register entries related to functions and events attended by the Lord Mayor, and that all hospitality with an estimated value over £25 must be recorded under the Council's rules. No issues of concern were identified.

OBSERVATIONS OF COUNCIL AND COMMITTEE MEETINGS

Independent members of the Committee have continued to attend meetings of Full Council and its Committees as observers, and discussed their observations during each Standards and Ethics Committee meeting. It is agreed that such observation is helpful to inform the Committee's work and understand the work of the Council; and the Wales Audit Office Corporate Assessment Follow-On Report supported this view. Elected Members indicated that the presence of Standards Committee members was a helpful influence on Members' behaviour.

A standard template form has been introduced for independent members to facilitate their feedback.

Observations recorded include the following:

- Some concerns were raised about behaviour and lack of respect shown during a Full Council meeting, and a particular incident between a Councillor and a member of the public in attendance in the public gallery.
- Full Council meetings went on for too long, making it difficult for Members to stay focussed during the whole meeting, particularly Members who may have particular health issues; the break was not well-timed; the acoustics in the Council chamber were poor; Councillors were talking over each other, showing disrespect for the Chair; and many Councillors were seen leaving the meeting early.
- It was suggested that Public Questions should be read out at Full Council meetings, not just made available online and links inserted into the webcast.

The Committee asked the Monitoring Officer to feedback their observations to relevant Members and Officers.

ANNUAL MEETING WITH POLITICAL GROUP LEADERS AND WHIPS

The Committee invites group leaders and whips to meet with it annually to discuss issues relating to Members' conduct and ethics. The Chair and Vice-Chair met with group leaders and whips on 30 November 2016. Issues discussed included:

- Code of Conduct & behaviour of Councillors at Council and Committee meetings;
- Local Resolution Policy;
- Council meeting day arrangements and communal room;
- Member training and Induction.

Taking Action on Complaints

During the period from 1st April 2016 to 31st March 2017 the Monitoring Officer was notified of a total of 18 complaints made against Members alleging breach of the Code of Conduct. The Standards and Ethics Committee receives quarterly reports from the Monitoring Officer in respect of such complaints. The table below shows an analysis of the complaints on a quarterly basis.

	Q1 April, May, June 2016	Q2 July, August, Sept 2016	Q3 Oct, Nov, Dec 2016	Q4 Jan, Feb, Mar 2017	TOTAL
Total	4	3	4	7	18
Member on Member	1	0	2	2	5
Public on Member	3	3	2	5	13
Officer on Member	0	0	0	0	0
Community Councillors	0	0	0	0	0

Quarter 1

The four complaints received in Quarter 1 of 2016/17 were as follows:

- (a) Alleged misinformation given by a Member to a member of the public. The complaint was dealt with through correspondence and no complaint was made to the Ombudsman.
- (b) Anonymous complaint of malpractice unsubstantiated by evidence. It was not possible to pursue the complaint due to anonymity and lack of detail.
- (c) Complaint from member of public about an elected Member's tone on Twitter. The complaint was resolved by correspondence.
- (d) Correspondence between Members. The complaint was resolved informally through dialogue.

The Committee was also advised of the outcomes of a number of complaints recorded in Quarter 4 of 2015/16 against Community Councillors of one particular Community Council. The Ombudsman had decided not to investigate five out of the eight complaints, and the Committee was later informed that the Ombudsman had investigated the other three, but found no evidence of any breach of the Code. The Chair observed that a number of reported cases where the Ombudsman had not found in favour of the complainant had clarified the threshold of what constitutes robust political debate rather than a breach of the Code.

Quarter 2

All 3 complaints in Quarter 2 were received from members of the public. Brief details of the complaints were reported as follows:

- i. Alleged failure to respond to correspondence in a timely manner. The complaint was dealt with through correspondence.
- ii. Alleged unauthorised disclosure to a third party organisation of concerns raised by an individual. The complaint was dealt with through correspondence. The Deputy MO found no evidence of a breach of the Code.
- iii. Complaint alleging that an elected Member's comments on social media (Twitter) failed to give due regard to equal opportunities and statutory equalities duties. The complaint was dealt with through correspondence.

Members observed that timeliness in dealing with Members' correspondence and the use of social media were common themes for complaints.

Quarter 3

Four complaints were received during Quarter 3, two of which were from members of the public; and two were from Members. All four cases were informally resolved and closed. Brief details of the complaints were noted as follows:

- i. Alleged unacceptable comments made by a Member to another Member after a Council meeting. The allegations were disputed and the complainant agreed that no further action should be taken.
- ii. Alleged unacceptable comments made by a Member to another Member during a Committee meeting. The Member apologised and the complainant agreed that no further action was necessary.
- iii. Complaint from a member of the public alleging that an elected Member's comments on social media were unacceptable / inappropriate. The allegations were investigated, but no evidence was found to show a breach of the Code.
- iv. Complaint from a member of the public about the conduct of a Member. The complainant was asked to clarify the alleged breach of the Code and provide any supporting evidence, but had not responded. No further action was possible.

The Committee noted that the number of complaints during Quarter 3 remained relatively low, particularly in view of the fact this was the pre-election period, during which an increase in the number of complaints was to be expected.

Quarter 4

A total of seven complaints were received during Quarter 4, which was higher than in previous quarters, but lower than the number received during Quarter 4 of 2015/16. Five of these complaints were made by members of the public and two were received from Members.

Brief details of the complaints are as follows:

- i. Complaint alleging that a Member had breached the duty to have regard to equal opportunities – the Ombudsman is considering whether to investigate this complaint.
- ii. Complaint from a member of the public alleging that a Member made misleading statements during a full Council meeting. The Monitoring Officer had sought clarification of the alleged breach of the Code from the complainant and confirmation that the complainant was content for the Monitoring Officer to contact the Member concerned to seek informal resolution. The Monitoring Officer is unable to progress this matter until a response is received from the complainant.
- iii. Complaint alleging unfair treatment by a Member, which was submitted to the Ombudsman. The Ombudsman decided not to investigate the complaint as there was no evidence of a breach of the Code.
- iv. A Member on Member complaint alleging slander. The Monitoring Officer sought confirmation on whether the complainant wished to seek resolution under the Local Resolution Protocol or wished to refer the matter to the Ombudsman. The Monitoring Officer is unable to progress this matter until a response is received from the complainant.
- v. Complaint alleging a Member has breached the duty to show respect and consideration for others. The Monitoring Officer was attempting to resolve this complaint by informal resolution.
- vi. Complaint alleging that a Member's conduct amounts to bullying and bringing the Council into disrepute. The Ombudsman decided not to investigate the complaint as there was insufficient evidence to show a breach of the Code.
- vii. Complaint from a member of the public about a Member's response to certain concerns raised by them. The Ombudsman decided not to investigate the complaint as there is insufficient evidence of any breach of the Code.

The Committee noted that an increase in the number of complaints was to be expected during the pre-election period. The Monitoring Officer confirmed that she reports to Committee on all complaints where the complainant has asked for it to be formally recorded. However, she can report only outline information, as it is not possible to include further details of each case without compromising confidentiality.

The total number of complaints received during 2016/17 (18 in total) showed a significant decrease from the total for the previous year, 2015/16 (59 in total). The Committee was pleased to note this decrease and agreed that the Local Resolution procedure continued to provide a useful means to informally resolve most Member on Member complaints.

Standards & Ethics Committee Hearings Panels 2016/17

The Hearings Panel is a Sub-Committee of the Standards and Ethics Committee. It has responsibility to hear and determine any complaints that a Member has breached the Code of Conduct or a report of the Monitoring Officer. Complaints may come before the Hearings Panel in one of two ways:

- a) Referral by the Public Services Ombudsman for Wales under Part 3 of the Local Government Act 2000; or
- b) Referral by the Monitoring Officer under the Local Resolution Protocol adopted by the Council to deal with relatively minor "Member on Member" complaints.

No cases were referred to the Hearings Panel during 2016/17.

Adjudication Panel for Wales – Decision, March 2017

The Adjudication Panel for Wales convened a Case Tribunal for a 2 day public hearing in March 2017 to determine a complaint against a Cardiff Councillor. The complaint had been investigated by the Ombudsman, who then referred the matter to the Adjudication Panel for Wales for determination. The complaint alleged that the Councillor's conduct towards an officer of the Council following a court hearing in July 2015 had breached various provisions of the Code of Conduct.

The Committee received formal notice of the Tribunal's decision. The Tribunal found that the Councillor had breached the Code of Conduct by failing to show respect and consideration; and using bullying behaviour. However, the Councillor's behaviour had not brought the office of Councillor or the Council into disrepute. The Tribunal decided that the Councillor should be suspended from acting as a Member of the Council for a period of one month. The Councillor had a statutory right to seek the leave of the High Court to appeal against the decision. However, the Council was not notified of any appeal.

The Committee noted the Tribunal's decision, which was then reported to full Council for information.

Future Priorities

The Committee regularly reviews its work programme and has identified the following priority areas for consideration in 2017/18.

- **Code of Conduct, Member Training and Development** – the Committee has agreed that Code of Conduct training sessions should be repeated as necessary to reinforce the importance of the Code and promote good understanding of the principles and rules governing Members’ conduct. It will oversee the delivery of learning and development update sessions for Members on the Code of Conduct during 2017/18, and monitor attendance.
- **Promoting High Standards of Conduct in Community Councils** – the Committee to consider ways of interacting with Community Councils.
- **Observation of Council and Committee Meetings** – the Committee will continue to observe proceedings at Council and Committee meetings to give feedback on observations and inform its work priorities.
- **Provision of Hospitality; and Attendance at Conferences** – the Committee will complete its review of the Council’s procedures to ensure they demonstrate appropriate levels of probity and transparency.
- **Member Briefings** To continue to publish biannual Member Briefings on the work of the Committee, underlining the importance of the Cardiff Undertaking and Member conduct and behaviour.
- **Annual Meeting with Group Leaders and Whips** - To facilitate ongoing engagement with representatives from all political groups.
- **Role Descriptions for Standards and Ethics Committee Members** - To review the WLGA roles and responsibilities of Members of the Standards and Ethics Committee
- **Appointment of Community Council Member and Independent Member** – to select and appoint a new Community Council member of the Committee and an Independent Member
- **Code of Conduct Complaints** - To receive quarterly reports on complaints made against Members of the Council alleging breaches of the Code of Conduct.
- **Member Survey** - To receive feedback on questions relating to the remit of the Committee
- **Whistleblowing Policy** - To monitor and review the operation of the Council’s whistleblowing arrangements; to receive information on reports made under the Whistleblowing Policy and consider any ethical issues arising.
- **Officers’ Personal Interests Policy** - To monitor and review the implementation of the Policy.

Committee Membership 2016/17

INDEPENDENT MEMBERS



**Richard Tebboth
(Chair)**

Richard Tebboth was born and brought up on the Essex edge of London – with a Welsh grandmother living nearby. He was educated at Sir George Monoux Grammar School, Walthamstow, and Christ’s College, Cambridge. After professional social work training he entered the Probation Service, working as practitioner and manager in South Yorkshire, Buckinghamshire and the West Midlands. In 1997, he joined the Social Services Inspectorate for Wales, becoming Deputy Chief Inspector and Acting Chief Inspector. He transferred into the senior civil service, in the Welsh Government’s Department for Public Service Improvement, until retirement in 2010. Richard lives in Llandaff, where he is Secretary of his local Residents’ Association. He was appointed as an Independent Member of the Standards and Ethics Committee in September 2011; and reappointed for a second term by Full Council on 23 July 2015 for a further four years with effect from 23 September 2015. Richard has been the Committee’s elected Chairperson since 21 October 2014.



**Prof. James Downe
(Vice-Chair)**

James is a Professor in Public Management and Director of the Centre for Local & Regional Government Research at Cardiff Business School. He has more than fifteen years’ experience of managing large-scale evaluations of public policy. His current research interests are in local government performance regimes, political accountability, public trust and the ethical behaviour of local politicians. He was a member of the UK Government’s Expert Panel on local governance and currently sits on the Welsh Government’s Public Service Scrutiny Reference Group. He became an Independent Member of the Standards and Ethics Committee in November 2013 and was appointed Vice-Chair on 21 October 2014



**Hollie Edwards-
Davies**

Hollie Edwards-Davies was brought up in Rhyl, North Wales and has lived in Riverside, Cardiff for 12 years. She studied for a LLB honours degree in Law with Legal Studies in Europe at the University of Reading, including a year in Germany at *Universität Trier*. She subsequently completed a degree in Applied Accounting by distance learning with Oxford Brookes University and continued her studies to become a member of the Association of Chartered Certified Accountants (ACCA) in 2010. Hollie served as Chair of the ACCA South Wales Members Network Panel between 2013 and 2015, and is still an active member of the network. Following a variety of roles in the private sector and some voluntary work, Hollie worked at the Welsh Government for ten years and departed in 2015 to pursue a career change. She joined the Standards and Ethics Committee in July 2014.



Lizz Roe

Lizz Roe has worked in the third sector/education sector for the last 20 years. She has lived and worked all over the UK and moved to Cardiff in 2012 to marry her partner and stop commuting to Birmingham. She was previously a commissioner for the Women's National Commission and a trustee for the YWCA of GB and NI. She is a Quaker and has been very active in issues to do with environmental sustainability and equality, as well as having held various roles within the Quaker community nationally and locally. She is an independent member of the Standards and Ethics Committee and began her first term of office on 28 July 2014. She brings a commitment to the Nolan principles of public life in her work on the committee as well as in her personal and professional life.



Hugh Thomas

Hugh Thomas, a retired Solicitor, pursued a Local Government career for forty years culminating in his being Chief Executive of Mid Glamorgan County Council (the largest local authority in Wales) for fifteen years. During this time he served as Clerk to the South Wales Police Authority and Honorary Secretary of the Assembly of Welsh Counties. He retired in 1995. He has since chaired a number of public bodies and national voluntary organisations including those in the health and higher education sectors. He was Vice Chairman and Chair of the Audit Committee of the Wales Centre for Health. He was also a non-Executive Director of Welsh Water. Currently, he is Chair of the Regulatory Board for Wales and one of fifteen trustees of The National Library of Wales. He is an independent member of the Standards and Ethics Committee and began his first term of office on 28 July 2014.

COMMUNITY COUNCILLOR MEMBER



**Community Councillor
John Hughes**

John Hughes – a North Walian educated at Mold Alun Grammar School and, after developing his Insurance career in Chester and West Yorkshire, moved to Cardiff in 1972. John has practised in the Insurance industry for over 50 years, running his own Brokerage for 22 years. He has served St Fagans Community Council for over 23 years and was a former Chair of St Fagans Church in Wales Junior School. He was a Parochial Church Councillor and Organist of St Fagans Church for many years. He also represents Community Councils in Cardiff on the National Executive Council of One Voice Wales.

John was appointed as the Community Councillor representative to the Standards & Ethics Committee in 2008 and served until May 2017. He is currently involved in charitable organisations, a keen golfer and gardener.

COUNTY COUNCILLOR REPRESENTATIVES

 <p>Councillor Georgina Phillips</p>	<p>Councillor Georgina Phillips was born and bred in Cardiff and has lived in the Old St Mellons area of the city for over 20 years. She was re-elected as a Labour County Councillor for Pontprennau and Old St Mellons in May 2012, having previously represented the ward for nine years from 1999 to 2008. Cllr Phillips was appointed as a County Councillor representative to the Standards and Ethics Committee in May 2012. In 2016/17 Councillor Phillips was Deputy Lord Mayor of the City & County Of Cardiff.</p> <p>Councillor Phillips has served on the Council's Planning Committee and Economy & Culture Scrutiny Committee. She is an appointed Council representative to the Willie Seager Memorial Homes Trust and, in turn, represents that body in a personal capacity on the South Wales Merchant Navy Welfare Board.</p>
 <p>Councillor Jayne Cowan</p>	<p>Councillor Jayne Cowan was born and educated in Cardiff and has been a Councillor for Cardiff for the Ward of Rhiwbina for 17 years. She was Deputy Lord Mayor in 2011–12; and chaired the Democratic Services Committee from 2012–2015 in her capacity as an Independent Councillor. Councillor Cowan re-joined the Conservative Party in July 2015.</p> <p>Councillor Cowan sits on the very interesting Glamorgan Archives Joint Committee and has been a Member of the Policy Review and Performance and Constitution Committees; has actively been involved in the Diversity in democracy Welsh Government project to encourage and Mentor prospective candidates. As a Ward Councillor she is an active patron of the Chrysanthemum & Dahlia Society; Ambassador for Autism Puzzle and Rhiwbina RATS; an ambassador for Girl-guiding in Cardiff; the President of the St John Wales – Rhiwbina and Llanishen Division; and a Member of the Rhiwbina Festival Committee.</p>
 <p>Councillor Margaret Jones</p>	<p>Councillor Margaret Jones was born in Neath West Glamorgan and except for a short period in Lancashire has lived in Cardiff since 1974. IN 2004 after a long career in the Health Service she was elected to serve as a Liberal Democrat in the Grangetown Ward. In 2008 until present she was elected to the Cyncoed Ward. She served as Lord Mayor 2014-2015. Margaret as an Executive Member for Environment in the last Administration. She has also served on Children and Young People, Adult Social Care and Environment Scrutiny Committees in the past and has also sat on Planning and Licensing Committees. Councillor Jones was appointed to the Standards and Ethics Committee in 2015 and was also a member of the Constitution Committee. She has also been a Governor at Cardiff High School.</p> <p>Councillor Jones retired from Cardiff Council on 31 December 2016.</p>

Attendance Record

The Committee meets quarterly, with additional ad hoc meetings held as required. During 2016/17, the Standards and Ethics Committee met on the following dates:

- 20 July 2016
- 30 November 2016
- 22 March 2017

The scheduled meeting in May 2016 was cancelled (as it would be inquorate); and there was insufficient business for the February 2017 meeting to proceed.

COMMITTEE MEMBER	ATTENDANCE	
	POSSIBLE	ACTUAL
Richard Tebboth (current Chair)	3	3
Dr James Downe (Vice-Chair)	3	3
Hollie Edwards-Davies	3	3
Lizz Roe	3	2
Hugh Thomas	3	2
Community Councillor John Hughes	3	3
Councillor Jayne Cowan	3	3
Councillor Margaret Jones	3	3
Councillor Georgina Phillips	3	3

Helpful Contacts

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Director of Governance & Legal Services and Monitoring Officer – Davina Fiore

Tel: (029) 2087 3860

Email: Davina.Fiore@cardiff.gov.uk

Public Services Ombudsman for Wales – Mr Nick Bennett

Tel: 0300 790 0203

Webpage: <http://www.ombudsman-wales.org.uk/en.aspx>

**CARDIFF COUNCIL
CYNGOR CAERDYDD**



COUNCIL: 28 SEPTEMBER 2017

CABINET PROPOSAL

ANNUAL COUNCIL REPORTING FRAMEWORK - DIRECTOR OF SOCIAL SERVICES REPORT 2016/17

Reason for this Report

1. The purpose of this report is for the Cabinet to receive the 8th Annual Report of the Director of Social Services (Appendix 1) as required by the Welsh Government. The requirement is outlined in the document 'Part 8 Code of Practice on the Role of the Director of Social Services (Social Services Functions)' issued under Part 8 of the Social Services and Well-Being (Wales) Act 2014 (SSWB Act).

Background

2. From 2009/10, the Statutory Director of Social Services in each council in Wales has been required to produce and publish an Annual Report as part of an Annual Council Reporting Framework (ACRF) for social services.
3. Although this is the 8th Annual Report of the Director of Social Services, it is the first such report since the implementation in April 2016, of the SSWB Act. The Report and the systems and processes established to inform its production have been refined and developed in 2016/17 to take account of new guidance, a national template and learning from previous years. Feedback and comments received on the report this year will be taken into consideration during the preparation of future reports. This year, the focus has been on re-framing the report in response to the SSWB Act.
4. The Report was prepared following an in-depth analysis of the effectiveness of social care services. The resulting judgements and identification of improvement priorities are supported by performance information.
5. The report will be submitted to the Care & Social Services Inspectorate, Wales (CSSIW). The Regulation and Inspection of Social Care (Wales) Act places the annual Director of Social Services' report on a statutory footing and, in preparation for these new arrangements, CSSIW no longer produce an individual performance evaluation report for each council. Verbal feedback will be provided at a Performance Review

Meeting in September between CSSIW, the Director of Social Services and relevant (invited) elected member portfolio holders.

6. The priorities for action identified in the Annual Report are reflected in the Directorate Delivery Plan for Social Services for 2017/18.

Issues

7. The Report was finalised as a result of engaging managers and staff in a structured challenge process.
8. In previous years, the need to improve the opportunity for citizens who use or are eligible for social services to engage in some level of challenge prior to finalising the report and lessons learned has been noted. In recent years, the Director and senior managers, alongside members of the Corporate Parenting Advisory Committee have engaged in a face to face challenge session with young people based upon their own analysis of the report. This has been a positive and mutually beneficial experience and a similar event with young people was held on 17th June 2017. Feedback from the event is included in the report.
9. Social Services approached a number of stakeholder organisations via C3SC regarding the challenge process and they responded positively, being keen to engage and provide feedback. A draft version of the report was issued to these organisations and their feedback resulted in amendments to the report.

Scrutiny Consideration

10. The draft Director's Report was considered at a joint meeting of the Children & Young People and Community & Adult Services Scrutiny Committees on 19 July 2017. The letter from the Chair of the Joint Committee is attached at Appendix 2.

Reasons for Recommendations

11. To receive the Annual Report of the Director of Social Services for 2016/17 in order to fulfil the responsibilities required by the Welsh Government in the document entitled 'Part 8 Code of Practice on the Role of the Director of Social Services (Social Services Functions)'.

Legal Implications

12. Statutory Guidance (on the Role and Accountabilities of the Director of Social Services, issued in June 2009 under Section 7 of the Local Authority Social Services Act 1970) states that the Director of Social Services must report annually to their Council on the delivery, performance and risk as well as plans for improvement of the whole range of Social Services functions. The Statutory Guidance provides guidance on the content and process for formulating the annual report (Guidance paragraphs 6.8 to 6.13 inclusive). These reporting requirements are being placed on a statutory footing by the Social

Services and Well-being (Wales) Act 2014 (SSWB Act) and Regulations and Codes issued thereunder, but the new legal provisions are not yet fully in force.

13. Recent guidance issued jointly by the Welsh Government and the Association of Directors of Social Services Cymru (The Local Authority Annual Social Services Reports Guidance) indicates that the new reporting requirements are to begin next year, in the reporting year of 2017/18. However, local authorities are encouraged to follow the template provided by Regulations made under the SSWB Act for the current (transitional) reporting year 2016/17 as a way of testing their systems and in readiness for the new reporting requirements (Guidance paragraphs 1.4 and 3.0).
14. Legal Services is instructed that the Annual Report of the Director of Social Services for 2016/17 meets the requirements set out in the Statutory Guidance 2009, as well as the new reporting requirements being introduced under Part 8 of the SSWB Act.
15. Under executive arrangements, Social Services functions are the responsibility of the Cabinet (pursuant to section 13(2) of the Local Government Act 2000 and Regulations made thereunder, SI 2007/399). However, the Guidance (both statutory and non-statutory guidance referred to above) confirms that the report must also be presented to full Council to ensure effective accountability and support improvement in respect of the performance of the local authority's social services functions.

Financial Implications

16. There are no direct financial implications arising from this report.

CABINET PROPOSAL

Council is recommended to receive the Annual Report of the Director of Social Services for 2016/17 and agree that it be presented to full Council.

THE CABINET

28 July 2017

The following Appendix is attached:

Appendix 1: Director of Social Services Annual Report 2016/17

Appendix 2: Letter from the Chair of the Joint Children & Young People and Community & Adult Services Scrutiny Committees dated 20 July 2017

The following Background Papers have been taken into account:

Part 8 Code of Practice on the Role of the Director of Social Services (Social Services Functions)
The Local Authority Annual Social Services Reports - Guidance

Director of Social Services Annual Report

> 2016 / 2017





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1. INTRODUCTION

MESSAGE FROM CABINET MEMBERS

Councillor Susan Elsmore, Cabinet Member for Social Care, Health and Well-being

Councillor Graham Hinchey, Cabinet Member for Children and Families

We very much welcome this, the 8th Annual Report of the Director of Social Services. As Cabinet Members with direct responsibility for Social Services, those who need care and support in our city are our first priority, and this is reflected in the importance given to Social Services by the Cabinet and the Council as a whole.

This report reflects the growing coherence, strength and effectiveness of Social Services in Cardiff, in its second year as a single Directorate, following the merger of two previously separate Directorates serving Children's and Adults respectively. Whilst focusing on the previous financial year, this report should be understood as reflecting a longer term strategic development journey. One in which the decision to bring the two Directorates together was seen as key step towards enabling us to manage and deliver social services as a more effective and efficient totality. As a result, the Council is now better able to harness social services and partner resources and expertise across the whole system, promote individual citizens' independence and enable more people to remain in their own families and homes. There is much to do to achieve this to the fullest extent possible within resources.

Whilst we recognise that this more coherent whole-systems approach is consistent with the requirements of the Social Services and Well Being (Wales) Act 2014, we have to acknowledge the scale of the task facing us. Demographic growth and the increasing pressures of financial austerity, make the risks of the journey ahead, one of national and local governments' defining challenges. The nature of these challenges in the context of a fast-growing, complex and increasingly diverse city make them particularly significant for Cardiff.

We believe it is important that the Director's Annual Report provides a publicly accountable picture of Social Services that recognizes strengths and weaknesses, and which enables us to know what we must focus on over the next 3 years in order to improve further; this report provides that balanced insight. It tells us that we have reason for greater confidence about the future but must remain resolutely focused on improving what we offer to those in our community who need care and support.



FOREWORD

As the Council's Statutory Director of Social Services it is part of my job to report to you annually on how well I think the Council's Social Services are performing overall. The report that follows relates to the 2016/17 year and is the result of a process of planning, review and evaluation undertaken by Operational Managers in the Social Services Directorate. The intention of the report is to set out our progress in developing services that enable people in Cardiff to access information, advice and assistance, and to secure care and support where eligible, following an assessment.

Although this is the 8th Annual Report of the Director of Social Services, it is the first such report since the implementation in April 2016, of the Social Services and Well-Being (Wales) Act 2014 (SSWB Act).

The advent of the SSWB Act marks a significant sea change in the legislative framework within which social services in Wales are to be developed and delivered. Some of the areas where change has been most significant include:

- **Information, Advice and Assistance** - The SSWB Act sets new requirements on local authorities to establish information, advice and assessment arrangements for individuals seeking assistance, essentially to improve access and enable people to get the right help more quickly.
- **Co-production** - The SSWB Act fundamentally alters the relationship between Social Services and individual citizens, placing a significant emphasis on ensuring that when we assess need and enable access to services, individuals themselves play a much stronger role in determining the personal outcomes that need to be achieved and in determining how they should be achieved.
- **Prevention** - The SSWB Act puts 'prevention' front and centre. This requires that Social Services work with partners and communities to develop new models of service and support. These new service models should be designed to make it more likely that individual citizens are nevertheless able to stay in their own homes, families and communities and that they experience less intrusive public service 'interventions'.
- **Integration** - The SSWB Act requires that we establish effectively integrated services between key agencies and with the NHS in particular, so that citizens can benefit from efficient services and readily available access to the full range of professional help available, irrespective of the agency they approach.
- **Carers** - The SSWB Act also extends carers' entitlements, an essential recognition of the needs that carers may have in their own right.
- **Safeguarding** - The SSWB Act has strengthened safeguarding arrangements, particularly for adults.

These new requirements represent a significant set of transformational challenges for social services in Wales to meet. The report that follows provides insight into the progress we have achieved in Cardiff in rising to these challenges and highlights the areas that need further development over the medium term. Realism is very important in judging our likelihood of



success, given the context of a public services funding future that is at best highly uncertain, and at worst, a threat to sustainability.

Another change flowing from the SSWB Act is the nature of this report itself. Directors of Social Services across Wales are now expected to make their reports on the basis of a common template as set out below.

Challenge Process

The analysis and judgements in this report were subject to a process of challenge that included testing out and gathering feedback from staff teams via the Staff Ambassador Network. A dedicated process was also planned for citizens, but unfortunately, this could not go ahead because the take up was too low despite attempts to promote the event via third sector providers. As an alternative, the interested individuals met with the Assistant Director for Children's Services. In addition to this, challenge events were held, via the Cardiff Third Sector Council (C3SC) and separately for looked after children and care leavers. Taken together, these engagement sessions enabled us to strengthen our evaluation and amend this report accordingly.

I am pleased to be able to report that the City of Cardiff Council continues to improve in key areas of Social Services despite severe financial pressures. Social Services for adults and children remain a clear priority for the City of Cardiff Council and the Council continues to afford Social Services a significant degree of budget protection. This is reflected in the Council's endorsement of its budget for 2017/18 and the allocation of £9.2m net growth for Social Services, including 59 additional posts; this at a time when other priority areas for the council are required to operate on the basis of reduced budgets.

Social services are provided in a context of significant and continuing rises in demand and this presents real challenges in terms of ensuring consistency in the quality and standard of service in key areas. Following the amalgamation of the Adults and Children's Directorates into a single Social Services entity in 2015/16, this year has seen the Directorate take the opportunity to provide greater coherence in policy and practice to support more effective delivery of social services. Our implementation of the Social Services and Well-being (Wales) Act 2014 has led to a tangible cultural shift in our approach to the delivery of care and support. Our strong strategic focus on service improvement has brought about the kind of results in terms of inspection outcomes that increase confidence about the prospects for even better performance in the future.

3 Key Commitments and Strategic Aims of the Directorate Management Team:

- **Home First** – we will maximise opportunities to support children and adults in their homes where it is safe to do so, avoiding unnecessary intervention or care.
- **What Matters to Me** – we will ensure that what is important to those who may need care and support is at the centre of our needs assessment approach and all individual plans. The voices of children, adults and their carers and families will be treated with respect and will drive everything that we do so long as this is consistent with the safety of those in need of care and support.
- **Affordable Futures** – we will ensure that our longer term strategies, commissioning and service design maximises the affordability of care and support provision so that we can continue to support people in the community in the context of a reducing budget base.



The implementation of the **Social Services and Well-being (Wales) Act 2014** with effect from 6th April 2016, means that for all Councils and their partners across Wales, 2016/17 has been a transitional year. This report has been completed in line with an agreed national template that seeks to promote consistency of approach and enable better informed comparisons in the achievement of well-being outcomes across Wales.

Headline Volumes in Context

Cardiff has a population of **357,200** (as at 2015) with **73,500** children and young people aged 0-17 and **283,700** adults aged 18 and over. Of these, **2,473** are in receipt of services from Children's Services and **7,719** are in receipt of services from Adult Services at any one time; many thousands cross our threshold during a given year. Thousands are helped to achieve better outcomes through the provision of short term support or who, as a result of a period of care, go on to live independent lives.

Children's Services received **29,389** contacts / referrals in 2016/17. **721** children were being looked after at 31st March 2017, and **191** were included on the Child Protection Register.

Adult Services received **8,102** enquiries and **837** Protection of Vulnerable Adult referrals during 2016/17. **7,289** adults were assessed or reviewed during the year and **7,719** were in receipt of services as at 31st March 2017, of which **1,022** were receiving residential and nursing care, **3,505** were living at home with social care packages and **3,192** were receiving other services.



2. DIRECTOR'S SUMMARY OF PERFORMANCE

On the basis of national government performance measures, Cardiff's Social Services were the most improved in Wales at the end of 2015/16. This was supported by positive inspection reports in relation to: Children's Services, the Youth Offending Service, Domiciliary Care and Reablement. This provided a solid platform for further improvement during 2016/17 and the continuation of our growing effectiveness is evident throughout this report.

We are convinced that many of our challenges, financial, performance or otherwise can be responded to more effectively by joining forces across Council Directorates and combining resources to support people in new ways. There are many examples where we have initiated new projects or secured real progress already during the year, including joint strategies in relation to housing and accommodation, smarter approaches to new technology, modernising working practices, integrated public access points or 'gateways' and engaging partners more productively. Nevertheless, these will take time to make a direct impact and improve delivery for citizens. As our performance figures suggest below, there is encouraging progress.

2016/17 has been a unique, transitional year in terms of performance management and measurement due to the introduction of new performance reporting requirements and the National Outcomes Framework following implementation of the Social Services and Well-being (Wales) Act 2014. Although the new reporting requirements created a number of completely new performance indicators (PIs), some of the PIs from the previous performance regime were retained. This makes year on year comparison more complex and it is difficult to reach firm conclusions about whether performance has improved or declined. Nevertheless, it is the Directorate's view that overall performance has been positive during the year in the context of increasing demand and complexity. The evidence for this view is set out in the paragraphs below, but it is particularly pleasing to note improvement in the following areas:

- Timeliness of statutory visits to looked after children - 95% (1,933 / 2,033) in 2016/17 from 87% (1,537 / 1,774) in 2015/16.
- Secondary school attendance for children looked after in Cardiff schools improved to 94.5% from 91.8% in 2015/16.
- Decrease in the rate of Delayed Transfers of Care to 5.22 from 11.18 in 2015/16.
- Percentage of people helped back to independence without ongoing care services, through short term intervention increased to 90.8% (461 / 508) from 72.6% (488 / 672) in 2015/16.

In addition to the new quantitative indicators, qualitative surveys were introduced for the first time. These give us valuable soft intelligence about citizens' views of the service they receive and these are cited throughout the report. It is noted that there was a low level of response from carers and this is an area that we will be looking to strengthen in 2017/18.



SERVICES FOR ADULTS

KEY MESSAGE – Social Services for adults remain a top priority for the Council, receiving strong support from the Cabinet and the Chief Executive. We are particularly committed to enhancing prevention to maximise the opportunities for people to live as independently and safely as possible.

During 2016/17 the main focus for **Adult Services** has been to help people to live independently, enabling people to develop the skills they need to live on their own, supporting them with reasonable adaptations to their homes and providing services in a way that meets their needs and outcomes.

This focus resulted in:

- Increase in number of adults in receipt of Direct Payments from 615 as at 31st March 2016 to 621 as at 31st March 2017.
- Increase in percentage of people helped back to independence without ongoing services, through short term intervention from 72.6% (488 / 672) to 90.8% (461 / 508).
- Increase in the number of carers (of adults) aged 18 or over known to Social Services who were offered an assessment or review of their needs from 76.8% (2,735 / 3,562) in 2015/16 to 79.5% (2,833 / 3,563).
- Decrease in the rate of Delayed Transfers of Care to 5.22 from 11.18 in 2015/16.
- Decrease in the rate of older people whom the authority supports in care homes per 1,000 of population from 17.6 as at 31st March 2016 to 16.6 at 31st March 2017.

SERVICES FOR CHILDREN

KEY MESSAGE – Children’s Services remains a top priority for the Council, receiving strong support from the Cabinet and the Chief Executive. During 2016/17 the service has focused on progressing key areas of strategic development, particularly around prevention and integration whilst sustaining work to improve practice on the ground.

In relation to **Children’s Services**, during 2016/17 the focus continued to be on improving performance in relation to indicators that have the greatest significance for safe and effective practice concerning children.

2016/17 was a year of significant activity within Children’s Services with the launch of the Child Sexual Exploitation Strategy and development of the Corporate Parenting Strategy. In addition to this, the implementation of the Multi Agency Safeguarding Hub (MASH) was completed and the implementation of a new Signs of Safety approach to service provision was initiated.



Areas that were prioritised during the year include:

- Timeliness of initial child protection reviews – remained stable at 94.2% (374 / 397) from 94.4% (526 / 557) in 2015/16.
- Timeliness of looked after children reviews remained stable at 94.8% (1,928 / 2,033) - 94.5% (1,676 / 1,774) in 2015/16.
- Timeliness of statutory visits to looked after children improved to 95.1% (1,933 / 2,033) from 86.6% (1,537 / 1,774) in 2015/16.

During the year there was a continued focus on recruitment and retention – the percentage of Social Worker vacancies increased slightly to 23.5% from 22.2% in 2015/16 and recruitment initiatives are ongoing. A new recruitment programme will be launched early in 2017/18 to continue the process of filling existing vacancies. The main reason why overall vacancy rates have not reduced is that there have been more internal transfers and promotions, suggesting that retention is improving and that staff are investing in the future of the Directorate. There were some good examples of staff achieving promotional appointments, thereby supporting career development and staff retention. As a result of our work to improve recruitment and retention, a more stable workforce across the service is emerging and, except where essential maternity cover is required, there is less reliability on agency staff. An agreement remains in place that when all vacancies have been filled, Children’s Services will continue to recruit to a “pool” of additional Social Workers. This will enable the service to maintain consistency of service provision and caseloads whilst managing healthy staff turnover without needing to rely on expensive agency Social Workers.

INSPECTION OUTCOMES

- A Wales Audit Office (WAO) report on the Review on Delayed Transfers of Care (DToC) in September 2016 was presented to the Regional Partnership Board in October. An earlier WAO report in 2009 recommended the need for a more integrated approach to promoting older people’s independence, indicating that improvement in performance would need considerable and focused attention. The 2016 report recognised that:
 - Partners are working well together to manage DToC, whilst realising their plans for a whole systems model.
 - The partnership is starting to benefit from having a stable, consistent management tier in place in Cardiff.
 - The way that Cardiff Council’s Community Resource Team worked to address a critical short term gap in domiciliary care capacity.
- Cardiff Council Homecare Service – Community Resource Teams (CRT’s) - Care and Social Services Inspectorate Wales Care (CSSIW) Standards Act 2000 Inspection Report was published on 30th September 2016. The inspection concluded that ‘The service works well with the local Health board and joint assessments are common practice. People using the service were very complimentary of the service provided and the knowledge of care staff. No non-compliance notices were issued at this inspection and we did not identify any areas for improvement’.



- In their annual Performance Review of Cardiff Council's Social Services during 2016/17, the Care and Social Services Inspectorate Wales (CSSIW) identified the following:
 - Stability in leadership has brought much needed direction and clarity to the department which is of benefit to the service as a whole.
 - Relocation of teams in Social Services was completed and staff are reported to be positive about the move. Flexible working is now embedded in Adult Services as well as Children's Services. Co-location allows for more joined up working between Adult and Children's Services and is working well.
 - The local authority is responding well to the current challenges within Children's Services in regards to the continuing rise in numbers of care proceedings. The local authority has increased resources to respond efficiently to connected person applications. A dedicated team of four social workers have been appointed to this new team. CSSIW will follow up on this new development in the coming year.
 - The local authority has responded well to the accommodation needs of unaccompanied asylum seeking children. Cardiff has taken a lead in coordinating allocation of children to local authorities across Wales and has shown commitment to ensuring young people are looked after appropriately.
 - Significant progress has been made in reducing the number of delayed transfers of care (DTC). Additional resources have been put into the hospital teams and, together with improved partnership arrangements with the University Health Board (UHB), this has realised benefits for the citizens of Cardiff in reducing delays in discharge times from hospital for social care reasons.
 - Capacity within residential and domiciliary care services remains fragile. We are aware of a specific issue with local sufficiency of dementia nursing provision. It is positive to note the local authority has embarked on a large recruitment drive with a number of domiciliary care services to attract care workers into the sector. Initial feedback would indicate some success.

“More than Just Words” / “Mwy na Geiriau”



The introduction of the Welsh Language Standards has resulted in more corporate responsibility for ensuring provision of bilingual services both in social care and the council as a whole. The legislation behind the Welsh Language Standards has helped to reinforce the important requirements of Mwy na Geiriau. The new Follow-on Strategy for Mwy na Geiriau and its action plan for 2016-19 links each of its objectives to the relevant part of the Welsh Language Standards. This leaves the Social Services Directorate to focus on the importance of language need and the active offer in the field of social services, with an emphasis on supporting the staff to be able to meet the requirements of both the Mwy na Geiriau and the Welsh Language Standards.

Social Services in Cardiff recognise the importance of meeting Welsh language need as part of routine assessment and care



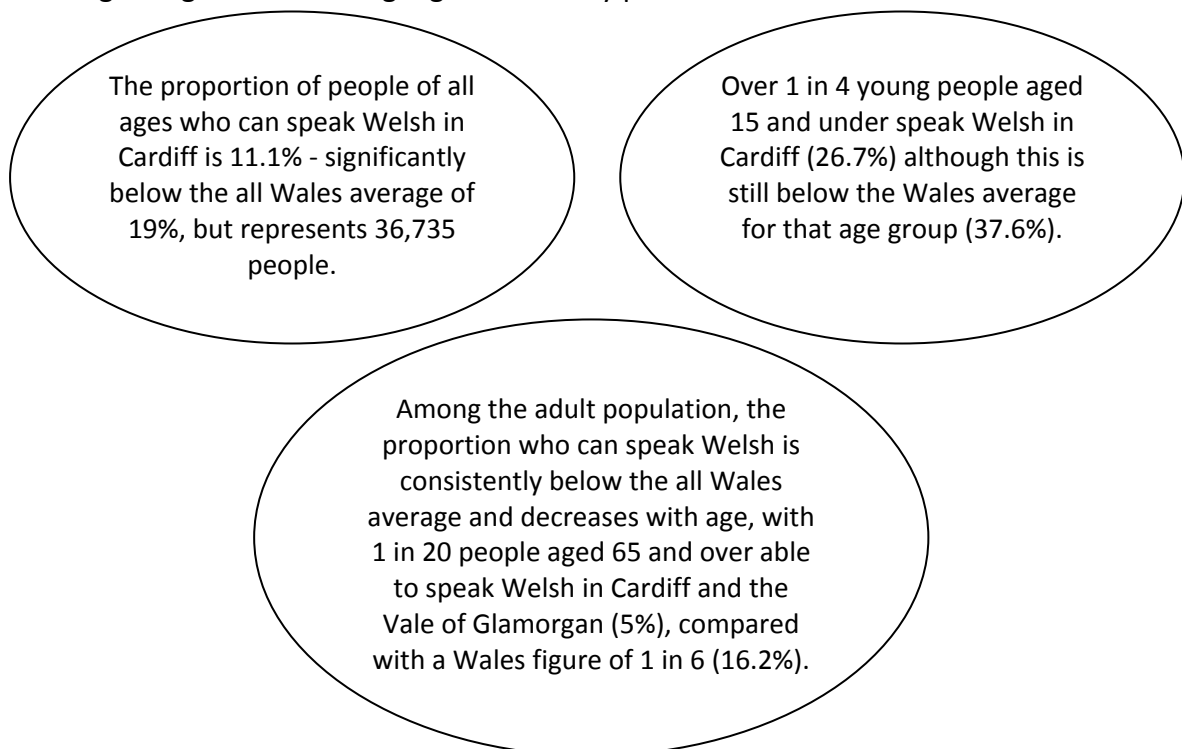
and are committed to providing and developing Welsh language services. During the year, the Directorate has been working towards increasing capacity to deliver bilingual services as there is a current lack of capacity in the teams that is reflected in the small number of Welsh speakers Council wide. Staff are encouraged to enrol on Welsh language lessons and use any existing Welsh that they have. Increasing the number of Welsh speakers is proving difficult under the current recruitment process and it is hoped that Linguistic Assessments will be integrated into the Human Resources recruitment process in order to begin making a difference. To date only 1 post has been advertised as Welsh essential and, unfortunately, no applications were received.

Welsh Language Standards Objectives for Social Services:

Increase opportunities for people to receive Health and Social Care in Welsh by:

- Ensuring that an active offer of Welsh language services is communicated to all Social Services staff and within commissioned services.
- Including Welsh language service provision within third sector and independent contract specifications, service level agreements and grant funding processes.
- Developing plans to maximise ability to provide services in Welsh with current Welsh-speaking staff; where gaps in workforce capacity to deliver services in Welsh are identified these should be reflected in the organisation's Bilingual Skills Strategy.

The Cardiff and the Vale of Glamorgan Population Needs Assessment reports the following statistics regarding the Welsh language community profile of Cardiff:



Given the increase in need for Welsh medium primary and secondary education in the area, the trend shows a likely increase in Welsh speakers in Cardiff in the future. Meeting the needs of these people may prove to be more challenging because we don't have as many Welsh speaking



staff available as other regions of Wales, where there is a greater percentage of Welsh speakers in the population.

An exercise to profile Welsh language skills is ongoing, although particular pressure points have been identified at receptions and the First Point of Contact. On the whole, we are not currently meeting the corporate target of 10% of staff in every team having a level of Welsh that would enable us to guarantee a bilingual service at all times.

During the year we have met Welsh speakers' needs by undertaking the following activities:

- Welsh language preference is recorded on the CareFirst client record database so that we know to respond to the person's language need from that point on, and to prompt staff to make an active offer.
- All publically available written information is in Welsh in compliance with the Standards and we are working towards ensuring that correspondence is also compliant.
- Individual staff are demonstrating compliance and increasingly knowledgeable about issues for their services (e.g. posters and websites). Where audits have identified non-compliance staff are very willing to rectify issues – which shows progress in relation to staff awareness and culture.
- The lead officers for our More than Just Words Strategy have reported a growing level of interest amongst staff who are seeking to learn Welsh or extend their bilingual confidence.
- We have sought to ensure that we are fully compliant with the Standards – and by doing so we should be providing a good quality service to the public.

Achievements over 2016/17

- ✓ Questions to record the individual's Welsh language preference and that an active offer has been made have been added to the CareFirst client record system.
- ✓ A survey was issued to profile the specific skills, confidence and training needs of Welsh speaking staff and learners, so that the Directorate can understand the current provision and capacity to provide an active offer across all services. Whilst some responses are awaited, it has highlighted that we do have a gap in the ability to provide a completely bilingual service.
- ✓ Welsh Language awareness training continues to be rolled out.
- ✓ Encouraged new learners and existing Welsh speakers to undertake training to increase their confidence.
- ✓ A corporate process solution is being developed to ensure that Welsh speaking workers are recruited when posts become vacant in teams that are unable to provide an equal service in Welsh (adding Linguistic Assessment to DigiGov recruitment process).
- ✓ Information to promote the active offer and compliance with the standards continues to be circulated to all Social Services staff.
- ✓ Discussions have progressed between Social Services, Bilingual Cardiff and Commissioning staff to identify how most effectively and appropriately to communicate the Welsh Language requirements to third party providers of services. A corporate approach which extends beyond social care to all council providers is currently being



explored.



FUTURE CHALLENGES

Top challenges facing Cardiff Social Services:

1	Ongoing implementation of the Social Services and Well-being (Wales) Act 2014.
2	Finalise and commence implementation of an Integrated Service and Financial Strategy for 2017-2022/27 in order to ensure a sustainable future for Social Services.
3	Progressing key areas of integrated development on a regional basis with the Vale of Glamorgan Council, the University Health Board and partners.
4	Further embed First Point of Contact / Information, Advice and Assistance functions across Social Services by March 2018 in order to enable people to identify their own needs and achieve their own outcomes.
5	Strategic commissioning agenda - the development of an integrated and coherent strategic commissioning framework for the Directorate will be a key priority for 2017/18. This will enable us to ensure the most effective balance between cost and quality. It will ensure that services are designed, procured and managed in a way that maximises benefit for children and adults and that promotes independence.
6	Preparing for the implementation of the Regulation and Inspection of Social Care (Wales) Act 2016.

Top challenges facing Children's Services:

1	Implementing and embedding the Signs of Safety approach.
2	Improve recruitment and retention of Children's Social Workers, ensuring the Council achieves and maintains a vacancy rate below 18% by March 2018 to raise standards and drive the quality and competency levels of staff through effective workforce development in order to enable those with care and support needs to achieve what matters to them.
3	Reducing numbers of looked after children and ongoing shift in culture towards the preventative agenda.
4	Child Sexual Exploitation (CSE) agenda – widen the effective reach of the CSE Strategy to enhance family and community awareness and strengthen their ability to protect children.
5	Strengthen the capacity of children's social services to address increasingly complex needs of children including trafficked children, children subject to Deprivation of Liberty considerations and children struggling with mental health conditions.

Top challenges facing Adult Services:

1	Work with partners to maintain improvements to the reduction in Delayed Transfers of Care for social care reasons during 2017/18 to support more timely discharge to a more appropriate care setting.
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- 2** Fragility of the domiciliary and nursing care market - limited capacity in the market remains a concern for Cardiff because it reduces the ability to start new packages of care. This leads to increased waiting times and delays in hospital discharge.
- 3** Challenges regarding Continuing Health Care (CHC) funding - we need to better equip Social Workers with the skills and confidence to address the challenges in negotiating funding responsibilities with Health partners in relation to individual packages of care.
- 4** Living Wage - additional resources were set aside in the 2016/17 budget to reflect the impact of cost pressures relating to the National Living Wage (NLW). A similar approach has been agreed in relation to the 2017/18 budget.
- 5** Develop a Learning Disability Day Opportunities Strategy and prepare an effective business case for the re-development of Tremorfa Day Centre.
- 6** Develop and implement an Older People's Housing Strategy in partnership with Communities.
- 7** Implement the recommendations of the Community Services Review in collaboration with the University Health Board, regarding the future model of Community Mental Health Services.



3. HOW ARE PEOPLE SHAPING OUR SERVICES ?

During the year we have involved people in service development in a number of ways - highlights include:

- A consultation group with young people regarding the Corporate Parenting Strategy and advice on the young people's version of the document.
- The Fostering Service and Supported Lodgings Service have consulted with young people regarding the design of recruitment and information documents.
- Young people were involved in the interview process for Looked After 14+ Team Manager, Looked After Children Service Social Workers and Traineeship Support Worker.
- We have a group of young people trained as Young Commissioners who are embarking on assisting us with the recommissioning of Families First and were involved in the commissioning of the existing programme.
- We were involved in hosting a parents' voice event where parents told a group of professionals about their experiences of receiving service so that we can learn lessons regarding what worked and what did not – in order to help us shape the development of family services in the future.

Building on our procurement award for involving young people in the commissioning of the first Families First programme in 2012, we have continued to engage citizens as follows:

- Involving young people through the Young Inspectors work (managed by the Youth Service) whereby young people have been trained to inspect all our Families First services to assess how well they do involve citizens in their work. We are also working with this group to prepare for the commissioning of the next Families First programme during 2017/18.
- We fund an organisation named Spice to run a time credits programme (jointly funded with the Neighbourhood Partnerships and Communities First). This has provided a way to reward volunteer activity, but we are also working with them to develop a reference group of parents who can tell us about the services they need in the next round of commissioning.
- Spice are also involved as part of a consortium led by Cardiff University and working with Tros Gynnal Plant to undertake a piece of co-production work with families to develop a step-down service from Children's Services. They held an event that involved 39 adults with 39 children (facilitated by Spice) as well as a focus group with the Young Commissioners' group. They are also undertaking a 'rapid ethnography' which involves shadowing families for a period of time to find out from them their concerns and issues. Finally, the outcomes of this period of the work will be fed back to a steering group and a stakeholder group to identify the kind of service that needs to be developed.
- Barnardo's and Children's Services organised a voice event for citizens in November 2016. This provided an opportunity to hear about the experience of 7 families, including some who had received Families First services. We will be using the findings from this event as part of our stakeholder engagement to inform plans for the next round of commissioning.



In Adult Services, a Direct Payments consultation was undertaken with case managers, Social Workers and citizens in order to assess the current service provision and establish principles for future service models. It identified that:

- Approximately 30% of people in receipt of Direct Payment (including Children's and Adults) replied (187).
- 90% believed that Direct Payments were able to meet their care needs.
- Over 70% of respondents believed that the Direct Payment service satisfied or exceeded expectations.

As part of the ongoing case management and review process in Adult Services, issues relating to the quality of services delivered by the independent sector domiciliary care providers are recorded and a score allocated as part of the quarterly Provider Quality Score (PQS). This is used as part of the quality element of the bidding process on the *adam* system that is used to allocate domiciliary care packages to the bidder who submits the highest score based on a 50% quality / 50% cost scoring system.

Regular feedback is obtained from users who access the services of the Ty Canna Mental Health recovery model and the new reconfigured Learning Disability Day Services Feedback has included:

"Ty Canna is priceless".
"It gives me a sense of purpose- a guiding force which has helped me on my path".
"It has stimulated my mind and helped me move through recovery".
"Ty Canna has been key in helping me to get a job and get my life back on track".
""The staff are very experienced and well trained to help people with mental health needs".
"Ty Canna is a lifeline for me – who knows where I'd be without it"

In relation to the Complex Needs Day Service, feedback from families, carers, case managers and Health colleagues in relation to the Complex Needs Day Service includes:

- **Families / carers**

"The service has been very good, E seems very happy too".
"C has relaxed a lot more this year, C is enjoying his day service and the changes have been very positive, this change has followed through to all aspects of C's life. C is calm and happy at home and when out with the family, this reflects on all the family".
"Very pleased with the level of support from all the staff members".
"R is learning to be more independent".
"Very pleased".
"Very happy with the service, it's changed my life and enhanced R's".
"N is listening more, happy, not so tired and is a different lady".



- **Case managers / Health colleagues**

“Mrs K sent a touching letter describing how well K is doing at the service and how she is now so happy, motivated and physically more able. Thank you for your hard work 😊”.

“The training that Day Service staff have received has had a very positive impact on how we deliver the new service”.

“Compassionate, committed and caring”.

Work commenced on the national survey element of the new Social Services quantitative performance measures with a citizen survey being undertaken across Adult and Children’s Services. In Adult Services 1,266 people were sent the relevant standard Welsh Government questionnaire in October 2016, which gathered qualitative performance data relating to our care and support planning. The response rate was 39% for adults in need of care and support and 40% for carers. In Children’s Services, 673 questionnaires were sent out to children over the age of 7 and 522 questionnaires were sent out to parents. An additional 217 surveys were issued to young people aged 18+. The response rate was 31% for children, 12% for parents and 12% for young people aged 18+. The results are referenced in the relevant chapter throughout this report.

‘LEARNING THE LESSONS’ - COMPLAINTS AND REPRESENTATIONS

The Directorate commissioned an independent review of the current arrangements for managing complaints in order to support a coherent approach to quality assurance across Social Services as a whole and ensure more effective learning from their outcomes. A number of recommendations identified key improvements across the Directorate and these will be implemented in 2017/18.

Children

Children’s Services received 128 complaints during 2016/17, a 5% decrease on the 135 complaints received during 2015/16. 9 complaints were received direct from children and young people (or an advocate) during the year compared with 20 in 2015/16.

There were 6 Stage 2 investigations initiated in 2016/17 compared with 9 in 2015/16. There were 6 referrals to the Public Service Ombudsman for Wales, compared with 4 in 2015/16. The activity in relation to these has been as follows:

- Children’s Services are finalising their response to recommendations received from the Ombudsman in relation to 1 complaint.
- The Ombudsman liaised with Children’s Services and determined that they would not be investigating 4 complaints.
- The Ombudsman liaised with Children’s Services to assess 1 complaint and it was agreed that a Stage 2 investigation would be undertaken.

Stage 1 complaints are resolved effectively which means that only a small percentage of complaints – 8% (10 / 128) proceed to Stage 2 or the Public Service Ombudsman for Wales.



Adults

Adult Services received 67 complaints during 2016/17, an 11% decrease on the 75 complaints received during 2015/16.

There were 5 Stage 2 investigations in 2016/17 compared with 3 in 2015/16. There were no investigations by the Public Service Ombudsman for Wales, compared with 2 in 2015/16. 1 referral to the Ombudsman was resolved via responding to a “quick fix” request, rather than proceeding to investigation.

Stage 1 complaints are resolved effectively which means that only a small percentage of complaints – 7% (5) proceed to Stage 2 or the Public Service Ombudsman for Wales.

Themes

From the complaints received during 2016/17, the following themes were identified in relation to children and adults:

- Staff not returning calls / responding to messages / poor communication.
- Complaints are around quality of care, e.g. service delivery / missed calls.
- Case management and review e.g. unhappy with service provided by Social Worker, delay in responding to service request and / or assessment outcome.
- Other examples from Children’s Services include:
 - Financial matters, e.g. needing to repay overpayments of Housing Benefit.
 - Issues relating to contact between looked after children and their families.
- Other - examples from Adult Services include:
 - Self-funding residents not being financially assessed in a timely way.
 - Unhappy with procurement systems that restrict access to particular providers.

Compliments

Children’s Services received 31 compliments during 2016/17, a 30% decrease on the 44 received during 2015/16.

Adult Services received 17 compliments during 2016/17, a 240% increase on the 5 received during 2015/16.



PROMOTING AND IMPROVING THE WELL-BEING OF THOSE WE HELP

4. WORKING WITH PEOPLE TO DEFINE AND CO-PRODUCE PERSONAL WELL-BEING OUTCOMES THAT PEOPLE WISH TO ACHIEVE

Outcomes achieved:

- ✓ People enabled to identify their own needs and achieve their own outcomes by establishment of First Point of Contact and Information, Advice and Assistance functions with partner agencies.
- ✓ Young people better supported in transition from fostering to independence following implementation of When I Am Ready scheme.
- ✓ More people enabled to make their own choices and take control over the care services they receive by continuing to increase the uptake of Direct Payments for children and adults from 905 during 2015/16 to 933 during 2016/17.
- ✓ People better supported to engage and participate when local authorities are exercising statutory duties in relation to them following review of advocacy provision with the Vale of Glamorgan Council.

What did we plan to do last year ?

- Implement and embed the Information, Advice and Assistance function with partner agencies by March 2017 to enable people to identify their own needs and achieve their own outcomes.
- Improve the effectiveness of transitional support for disabled and vulnerable children approaching adulthood by implementing a regional Transition Protocol across Cardiff and the Vale of Glamorgan by March 2017 to ensure a smooth transition to adulthood.
- Progress the remodelling of services for disabled children, young people and young adults aged 0-25 across Cardiff and the Vale of Glamorgan by December 2018 to improve effectiveness and efficiency of services and outcomes for young people and their families.
- Plan and implement a new model for the delivery of children's social services and social work intervention by March 2017 to improve the effectiveness and efficiency of services by implementing an agreed, accredited and evidence based practice methodology based on:
 - Signs of Safety
 - Restorative Practice.



- Implement and embed the When I Am Ready Scheme to support young people in transition from fostering to independence by March 2017.
- Continue to increase the uptake of direct payments as an alternative to direct provision of care for Cardiff adult residents with care and support needs in line with the Social Services and Well-being (Wales) Act 2014 by March 2017 to enable people to make their own choices and take control over the care services they receive.
- Review Advocacy provision, working with the Vale to ensure a consistent approach across all service areas by March 2017.

How far did we succeed and what difference did we make ?

Information, Advice and Assistance (IAA)

The First Point of Contact (FPoC) for Adult Services was launched on 1st October 2015 to respond to enquiries in the Independent Living Services, Health and Social Care. It works within the Social Services and Well-being (Wales) Act 2014 as a telephony triage service that is the first stage in finding alternative solutions via outcome focused conversations. During 2016/17 the service resolved 2,002 cases including low level issues through the provision of signposting, information and advice, as well as cases that require more direct attention; these are referred to Independent Living Officers who are able to undertake a level of holistic assessment, avoiding the need for more significant Social Services interventions. A further level of assessment was integrated into the FPoC for more complex cases which has significantly enhanced the effectiveness of the service overall.

This social work team was integrated into the FPoC in September 2016, consisting of 5 Social Workers including highly experienced practitioners. The team have been working jointly with Contact Officers and Visiting Officers to ensure a preventative approach is taken and individuals are supported to regain and maintain independent living within a community setting. The Social Workers work jointly with Contact Officers on a daily basis to advice and guide on telephone contacts requesting Information, Advice and Assistance, prior to Social Services involvement.

Month (2016/17)	Apr-2016	-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	Jan-2017	Feb-2017	Mar-2017
No. of Well-being Assessments completed by FPoC	220	218	281	313	357	287	241	279	210	284	259	220
No. resolved with the provision of IAA by FPoC	89	100	156	187	229	177	148	175	157	205	183	157
No. referred to Social Services	131	118	125	126	128	110	93	104	53	79	76	63
Percentage dealt with by FPoC team with no onward referral to Social Services	40%	46%	56%	60%	64%	62%	62%	63%	75%	72%	71%	71%



Through training in IAA methodology, the First Point of Contact (FPoC) and Independent Living Services are able to identify where those with established health conditions and complex care needs require referral to Social Services. Social care support within preventative services allows access to professionals with extensive knowledge that enables accurate identification of individuals where tertiary prevention should be applied to help delay any escalation of conditions. In addition to FPoC, our Preventative Services include the following multi-skilled teams - Occupational Therapy, Joint Equipment Service, Disabled Facility Service, Day Opportunities Team, and a team of Independent Living Officers (ILO's) who's role is to act as an enabler by which adults access the services that can help achieve the aim of independently living in their own home. If after speaking with FPoC the citizen requires further information or advice on supporting themselves to live independently an ILO will visit them. They will have a 'what matters' conversation to establish what personal outcomes they wish to achieve and how we can assist them in removing any barriers they are facing. By carrying out holistic visits the ILO's can identify the need for, and refer into, a range of different services such as local social activities, sheltered housing, home adaptations, community reablement, telecare, fire safety checks, benefit checks, occupational therapy, floating support, day opportunities and information and advice on social care.

If a person requires IAA on homelessness we direct them to the local authority housing options team. Anyone presenting for assistance is provided with information, help and advice to help prevent homelessness. This will also include mediation services. Where prevention is not a viable option clients will have an assessment of their needs and may be placed in hostel accommodation or supported lodgings accommodation with a planned pathway into independent living. This multi-disciplinary approach to working allows for a constant exchange of knowledge and expertise between teams which ensures that high quality and timely IAA service is provided.

For disabled children and young people, Integrated Care Fund monies have enabled delivery on an on-site first point of contact service within St David's Hospital and Llandough Hospital, supporting families to access early information and assessment of need to support effective signposting.

From one of our challenge sessions it emerged that citizens and their families have learned from their experience that they would like the way that we engage with them to be more sensitive to their needs and to have a level of choice around the worker with whom they will be engaging. We have considered this feedback and every effort is made to ensure that the Social Worker and citizen have a good rapport and are compatible. However, if this is not the case then we afford people the opportunity to exercise a degree of choice and consider a change of Social Worker. We are also mindful that there will be times when a citizen in need of care and support or carer exercises choice in relation to visiting dates and times, and we endeavour to comply with their wishes whenever possible.

Performance Update & Survey Results

- *People reporting that they have received the right information and advice when they needed it*
Adults = Yes = 364 / 475 = 76.6%
Carers = Yes = 2 / 6 = 33.0%
Children = Yes = 152 / 210 = 72.4%
Care leavers = Yes = 19 / 27 = 70.4%

- *People reporting that they were treated with dignity and respect*
 Adults = Yes = 440 / 476 = 92.4%
 Carers = Yes = 4 / 5 = 80.0%
 Children = Yes = 172 / 210 = 81.9% (respect)
 Care leavers = Yes = 24 / 27 = 88.9%

- *People with a care and support plan reporting that they know who to contact in Social Services about their care and support*
 Adults = Yes = 388 / 472 = 82.2%
 Carers (support only) = Yes = 3 / 5 = 60.0%
 Children = Yes = 182 / 210 = 86.7%
 Care leavers = Yes = 23 / 27 = 85.2%

- *People reporting that they felt involved in any decisions made about their care and support*
 Adults = Yes = 365 / 473 = 77.2%
 Carers (support only) = Yes = 3 / 5 = 60.0%
 Children (views listened to) = Yes = 150 / 210 = 71.4%
 Care leavers = Yes = 21 / 27 = 77.8%

- *People who are satisfied with the care and support they received*
 Adults = Yes = 381 / 472 = 80.7%
 Carers = Yes = 3 / 5 = 60.0% (support)
 Children = Yes = 173 / 210 = 82.4%
 Care leavers = Yes = 22 / 27 = 81.5%

- *The percentage of adults who have received support from the information, advice and assistance service (IAA) and have not contacted the service again during the year 2016/17 = 86.2% (1,333 / 1,547)*

- *The percentage of assessments completed for children within statutory timescales 2016/17 = 86.3% (2,056 / 2,383)*

The FPoC for Children's Services is a combination of Dewis and the Family Information Service (for information) and the Multi Agency Safeguarding Hub (MASH) for advice and assistance.

Positive progress has been made with the development of the customised version of Dewis, for Cardiff and the Vale, since its launch in April 2016. This is a new directory of resources that will provide improved access through the Information, Advice and Assistance (IAA) Service, enabling people to access the right help, at the right time, to meet their individual circumstances. It currently has over 1,200 entries uploaded to the system and is continuing to grow. Dewis is being routinely used as part of the IAA Service across the region. It was included in the local training to support practitioners with the implementation of the Act and the link has been added to the Council's social care web and intranet pages. Two well-being roadshows were organised in September aimed at professionals (Health, Police, Fire, Ambulance, Council staff and Councillors) and to further engage and empower the third sector in uploading their resources onto Dewis. In



the longer term, Dewis will support the development and commissioning of preventative services across Cardiff and the Vale of Glamorgan. By working in partnership with the University Health Board and the third sector we will begin to make increasing use of the database which will provide us with a better understanding of what services are available and will enable us to identify any gaps.

‘Disability Futures Programme’ transitional support for disabled and vulnerable children

A successful £2.54 million Integrated Care Fund (ICF) programme is now supporting the new **Disability Futures Programme** to transform services for disabled children and learning disabled adults with complex needs. This has enabled us to focus on enhancing delivery methods for adults with learning disabilities and children with complex needs and has included the creation of 2 transition worker posts in the Adult Learning Disabilities Team to work within the complex needs service supporting young adults from the age of 16.

With ICF monies the Directorate has developed a regional Cardiff and the Vale transitions pilot (in partnership with Cardiff and the Vale University Health Board (UHB) to review the transition experiences of those young people who would not normally receive services from Children’s Services. The outcomes and evaluation of this pilot will support wider understanding of the needs of these young people and inform future practice for young people who will transition into community services.

A joint transitions protocol is under development with the Vale of Glamorgan to set out the pathway for young people in transition from Children’s to Adult Services and to underpin the work of the Disability Futures Programme. This work will take account of the Additional Learning Needs Bill and will include consultation with stakeholders.

Remodelling of services for disabled children, young people and young adults aged 0-25

Current progress is having a significant positive impact in planning for future recommissioning of services for disabled children and young people and providing a variety of models to inform potential for regional recommissioning. The inclusion of children and young people into the Statement of Strategic Intent has ensured a platform and foundation for future commissioning. A further regional scoping exercise to be undertaken in 2017/18 will inform a new market position and assessment of need which will inform the service specifications for core service delivery moving into subsequent years.

As a result of the Integrated Care Fund (ICF) programme, money has been awarded for additional wrap-around services across Health, Education, third sector and Social Services regarding neuro development (Attention Deficit Hyperactivity Disorder and Autistic Spectrum Disorder). 4 regional pilot services that focus on early intervention and the prevention of family breakdown have been commissioned, these are:

- Regional Parenting Support - Attention Deficit Hyperactivity Disorder (ADHD) and Autistic Spectrum Disorder (ASD).
- Independent Living Skills – ADHD and ASD.
- Transitional services – ADHD and ASD.
- Services for Parents with Learning Difficulties.



The Disability Index was launched during the year and is noted as the first point of contact for families with children aged 0–18. Funding for this service will continue in 2017/18 via Families First, as will the regional approach, and it is to be known as the Cardiff and Vale Disability Index.

An options report in relation to respite care is currently being prepared and consultation with Health is planned for early in 2017/18 to inform the service specification.

New model for the delivery of social work with children

Signs of Safety is a strength based safety organised approach to child protection casework aiming to work collaboratively with all people involved in a case to assess and plan for increasing safety and reducing risk and danger by focusing on the families strengths, resources and networks. The approach actively engages the child so that they assist with, and have more investment in, their own safety plan and is designed to ensure better outcomes for children and families.

Implementation of the Signs of Safety approach has commenced and is re-shaping the way that Social Workers engage with children and their families and feedback from staff has been very positive. It is too soon to determine impact at this stage, but early indications are encouraging with practitioners that the Signs of Safety approach is starting to have a positive impact. The Signs of Safety methodology will play a key role in delivering the aspirations of the Social Services and Well-being (Wales) Act 2014 both in terms of its preventative agenda but also in responding to what families most want for their children. Achieving better outcomes in this way and reducing the need for children to be in public care will also enable us to reduce expenditure on expensive forms of care and re-invest in more effective support and prevention. All staff have completed the Signs of Safety introduction training and throughout 2017/18 work will focus on developing practice leaders and reviewing current practice processes to ensure that they align with Signs of Safety.

When I Am Ready Scheme

The When I am Ready scheme that allows young people to continue living with their foster carers beyond the age of 18 was successfully launched during the year and has been reviewed. Procedures and electronic systems have been updated to enable capture of performance information and monitoring of outcomes. Communication involved the availability of posters / leaflets and presentations undertaken to key social work staff, Personal Advisers, Fostering Agencies and Independent Reviewing Officers. Information on the scheme was also presented to the Corporate Parenting Advisory Committee. Training sessions for foster carers and support staff interested in the scheme were held as part of the rolling programme of awareness.

Direct payments

Direct Payments are payments from the Local Authority, which are available to people who have care and support needs under the Social Services and Well-being (Wales) Act 2014 (SSWB Act). The service allows for the provision of Domiciliary Care services either through a Personal Assistant (PA) or a Registered Domiciliary Care Agency (Agency) and is designed to promote independence, increase social inclusion and enhance self esteem. It is the Directorate's intention to increase the uptake of Direct Payments.

At present, 20% of overall domiciliary care packages are managed through Direct Payments (approximately £6 million per annum of adult care, £700,000 per annum for children). Use of



Direct Payments during the year increased from 165 for children and 740 for adults in 2015/16 to 187 and 746 respectively during 2016/17. Under the arrangements made several years ago, the Directorate commissioned an independent sector provider to support individuals and families who take up Direct Payments on the basis of a contract to the value of circa £700,000 per annum. This arrangement, in effect, has delivered a 'one-size-fits-all' care package, regardless of how much support the citizen requires. Following a review undertaken during 2016/17, a new support model will be established on the basis of a wholly re-commissioned service, offering a much more flexible approach, tailored to individual needs. This will give people greater control over their lives and allow them to live more independently. The provider for the new model of Direct Payments will be determined by a tender process and the Directorate is working towards having a new contract in place in the summer of 2017.

Performance Update

- *The total number of children and adults in need of care and support using the Direct Payment Scheme*
2016/17 = 933 (746 for adults and 187 for children)

Advocacy provision - adults

In order for Cardiff and Vale of Glamorgan Local Authorities to be compliant with their duties to facilitate the provision of Independent Professional Advocacy (IPA) the Cardiff and Vale Advocacy Steering Group (ASG) aims to put an IPA service in place by March 2018. The Vale of Glamorgan Council is acting as lead commissioner for this service. The service will:

- Help individuals to speak out and have their views, wishes and rights taken into account by their family, carers or professionals when decisions need to be made which effect their life.
- Make sure individuals have all the information they need to make informed decisions and choices.
- Support individuals to voice their decisions and views, or speak on their behalf. This may include making sure individual views and wishes are explained and fully considered, as well as making sure that individual rights are understood and defended.

A self-assessment of the Advocacy Services in Cardiff and the Vale of Glamorgan using the Social Care Institute for Excellence Self-Assessment tool, has been undertaken to gather as much information as possible on the local market. The group planned a workshop event for April 2017, where officers from across the region will meet with advocacy providers to prepare for a tendering exercise due in summer 2017.

Advocacy – children

During the year, arrangements were made to extend the current contract for independent professional advocacy for children and young people in order to cover the interim period whilst Cardiff worked with the Vale of Glamorgan to commission a regional Advocacy Service in line with Welsh Government requirements for a national approach to children and young people's advocacy services. Good progress was made on the commissioning of the new service which is expected to be in place by the end of June 2017.



Referrals to the service steadily increased over the year, mostly in relation to looked after children and children on the Child Protection Register but the last quarter saw an increase in referrals for Unaccompanied Asylum Seeking Children (UASC) – and in particular, the need for an advocate to accompany UASCs during the age assessment process.

An operational group was established during the year in addition to the contract monitoring group. The operational group is made up of managers / practitioners who are able to work with the provider to address practice issues related to advocacy. This has been a positive addition to working arrangements between Children's Services and the provider.

The provider continues to undertake key pieces of engagement work with children and young people as part of the contractual arrangement. During the year a piece of participation work was completed in respect of the development of a new handbook for children and young people placed with in-house foster carers. The provider also supported a group of children and young people to undertake the challenge element of the 2015/16 Director's Report and a similar exercise has been undertaken for 2016/17. As well as lots of excellent questions and comments about the report, the young people raised the following concerns about communication issues:

- They asked that all staff please return calls as soon as possible.
- They asked that Social Workers and/or Personal Advisers let them know when they are going on leave and who to contact during that time.
- They asked that all staff keep their voicemail messages updated so that anyone leaving a message knows when it will be heard.

Secure Estates

From April 2016 local authorities were responsible for assessment and meeting the care and support needs of adults in the secure estate in Wales. To meet this responsibility, 2 Social Workers were based in Her Majesty's Prison (HMP) Cardiff. However, there was no clear indication that this was effective and in December 2016 this arrangement ceased. The Directorate now has trained Social Workers at the First Point of Contact and in Adult Assessment who respond to any contact from prisons across the country as necessary.

Review of charging

The Social Services and Well-being (Wales) Act 2014 (SSWB Act) replaced the previous financial assessment and charging legislation. The SSWB Act provides a single legal framework for charging for care and support. The regulations under the SSWB Act closely followed the existing framework. As a result it was reported to Cabinet in March 2016 that our current charging policy would be fine-tuned to reflect any mandatory changes.

A Regional Charging Sub-Group has met regularly throughout the year to consider elements of charging where discretionary policy changes may be necessary. This will be subject to final legal advice before any change to policy is recommended or adopted.



What are our priorities for next year and why?

- Further embed First Point of Contact / Information, Advice and Assistance functions across Social Services by March 2018 in order to enable people to identify their own needs and achieve their own outcomes.
- Implement the Disability Futures Programme by December 2018 to remodel services for disabled children, young people and young adults aged 0-25 across Cardiff and the Vale of Glamorgan to improve effectiveness and efficiency of services and outcomes for disabled young people and their families.
- Continue to increase the number of children and adults with care and support needs in receipt of Direct Payments by March 2018 to enable people to make their own choices and take control over the care services they receive.
- Conclude the implementation of Signs of Safety in Children's Services by March 2020 in order to ensure that all staff within the Directorate are able to engage with families using the Signs of Safety Risk Assessment Framework.
- Undertake a campaign by March 2018 to raise Young Carers' awareness of their entitlement to a Young Carers Assessment.
- Explore the possibility of designing a new model for the delivery of Adult Services on a strengths-based approach similar to Signs of Safety to enable people to be as independent as possible for as long as possible, and engaged in their local community.

5. WORKING WITH PEOPLE AND PARTNERS TO PROTECT AND PROMOTE PEOPLE'S PHYSICAL AND MENTAL HEALTH AND EMOTIONAL WELL-BEING

Outcomes achieved:

- ✓ Admission to the looked after system / inclusion on the Child Protection Register was avoided for 344 children during the year as a result of preventative initiatives.
- ✓ More timely discharge to a more appropriate care setting by reducing the number of Delayed Transfers of Care (DToC) for social care reasons from 263 in 2015/16 to 123 in 2016/17.
- ✓ Improved quality of care for people in residential homes to provide a positive and safe living environment where citizens can enjoy a meaningful daily life; evidenced by the decreasing number of commissioning providers under 'escalating concerns':
 - 3 domiciliary care and 8 residential / nursing care at 31st March 2016 has fallen to 1 domiciliary care and 2 residential / nursing care as at 31st March 2017.
- ✓ Better outcomes for Cardiff young people by continuing to reduce the number of First Time Entrants into the criminal justice system (from 130 in 2015/16 to 109 in 2016/17) contributing to the shared outcome of "People in Cardiff are safe and feel safe".

What did we plan to do last year ?

- Implement and embed the Early Help Strategy during the 2016/17 financial year working with schools and other agencies to ensure that:
 - Referrals are directed to the appropriate agency
 - Children are supported at the earliest opportunity
 - The number of looked after children and the rate of looked after admissions begins to reduce.
- Contribute to the development of a joint working protocol between the Health Service and Children's Services by March 2017 that meets the health needs of looked after children.
- Reduce the rate of re-offending during the 2016/17 financial year by improving the effectiveness of Youth Offending Service (YOS) prevention and intervention work alongside an enhanced commitment from partner agencies.
- Agree with the University Health Board a feasible model for the integrated management and delivery of health and social care services in adult social care during the 2016/17 financial year to enable citizens to receive the right care, at the right time, in the right place through joint working and improved efficiencies.



- Improve the quality of residential care to support improved care for people in residential homes by March 2017.
- Work with our health partners to reduce the total number of Cardiff residents who experience a Delayed Transfer of Care from hospital by March 2017 to allow a more timely discharge to a more appropriate care setting.

How far did we succeed and what difference did we make ?

Early Help Strategy

Good progress has been made in delivering our priorities around prevention, and this has mitigated the potential rise in the looked after children population. Admission to the looked after system / inclusion on the Child Protection Register was avoided for 344 children during the year as a result of preventative initiatives.

During the year, Families First has transferred into Children's Services. This has had a positive impact on prevention as Families First is central to the implementation of Cardiff's Early Help Strategy and it has helped to further strengthen working relationships between Families First, the Early Help Strategy and Children's Services.

Key benefits of bringing Families First into the Social Services portfolio are as follows:

- Strengthening of arrangements in relation to the contribution that Families First has made to the arrangements for Information, Advice and Assistance under the new Social Services and Well-being (Wales) Act 2014.
- Working arrangements between Team Around the Family (TAF) and Children's Services have improved and there is a much smoother process in place for stepping families down from statutory services when their needs reduce.
- Opportunity for Children's Services to work closely with the Families First central team to undertake research with parents to design a new step down service. This will be piloted in 2017/18.

The Joint Assessment Family Framework (JAFF), has been crucial for identifying what the barriers are likely to be and make sure that there are clear arrangements in place for identifying when families need additional early help.

Stakeholder engagement sessions have commenced and are beginning to identify what has worked well and what needs to be done differently. The following messages are emerging:

- People are sometimes confused about where to go for help and want to be better informed about the services that are available.
- Families want services to be available when they need them including outside of 'normal' office hours.
- Key working is essential to ensure that families actually access all the services they need.

The recommissioning of Families First services will provide an opportunity for the development of clearer systems and services, with the scope to dovetail the use of the JAFF into service design.



Joint working protocol between the Health Service and Children's Services

A part-time psychologist, located with the Looked After Children teams, was appointed by Health to provide a dedicated service to looked after children. Consultations are held on a surgery basis and a positive impact is being felt by the teams but the part-time nature of the role means that there are still some delays in children and young people's needs being met and as a consequence costs for alternative therapy to meet these needs is rising. Funding has been identified to match the offer from University Health Board to enable a dedicated psychologist to be available full time. Capacity in Child and Adolescent Mental Health Services (CAMHS) remains problematic. In the coming year we will be working in collaboration with the Health Service to determine the services and resources required to meet the health needs of all children in need of care and support.

Performance Update

- *The percentage of children seen by a registered dentist within 3 months of becoming looked after*
2016/17 = 48.8% (89 / 184) from 84.4% (394 / 467) in 2015/16.
The guidance for this PI has changed so the figure is not fully comparable to the 2015/16 outturn for the dental checks indicator. Part of the reduction is attributable to the fact that temporary focused resource was identified to support improved recording of this information during 2015/16 and this resource was not available in 2016/17.
- *The percentage of looked after children registered with a GP*
2016/17 = 84.0% (321 / 382) from 47.6% (274 / 576) in 2015/16.
Information to enable proactive monitoring of recording of GP registration is provided to enable Operational and Team Managers to prioritise improvement. This has contributed to a considerable improvement in performance in 2016/17.

Youth Offending Service (YOS)

In terms of the YOS profile over the last year and the areas we will focus on going forward, the aim is to effectively target the cohort of persistent young offenders given the improvements in First Time Entrants (FTE) and custody figures. The introduction of the Enhanced Case Management (ECM) model is the response the Youth Justice Board (YJB) and Police and Crime Commissioner are investing funding and resources in based on a successful pilot in other Wales YOS projects.

The latest validated data we have in respect of re-offending relates to re-offending data from January 2014 to December 2014. The re-offending data is always 2 years old as this information comes from the Police National Computer, not from the YOS case management system.

Comparing January to December 2014 with January to December 2013 shows an increase in the re-offending rates. Despite there being fewer young people in the cohort with fewer young people re-offending, there have been 26 more re-offences compared to the previous year. This suggests that the YOS is working with a smaller cohort of more prolific young people. Use of the Enhanced Case Management model is being considered by both the Cardiff and Vale of Glamorgan Youth Offending Services and it is hoped this will help address the needs of this more prolific, smaller cohort of young people.



The number of young people entering the youth offending system reduced from 130 in 2015/16 to 109 in 2016/17. The 109 young people committed 209 offences.

During 2016/17 there was a slight increase in custodial disposals in Cardiff to 20 from 18 in 2015/16. This was in part due to 4 young people receiving a number of custodial sentences for committing a number of burglaries as a group in the first 6 months of 2016/17.

A new assessment process – ‘AssetPlus’ - was introduced during 2016/17. The old Asset is being discontinued by the YJB as of 1st July 2017. Staff have been trained to undertake the new assessment and are developing a greater understanding of the model. This will continue in 2017.

‘Triage’ works with young people aged 10-17 from Cardiff and the Vale who are arrested and brought to Cardiff Bay Police Station for offences that qualify for a Youth Restorative Disposal. Restorative work is also undertaken with victims, which invites them to be involved in a process with the aim of giving them closure and the ability to move on from the offence. The need for a Triage response has significantly reduced over a 3 year period. In the last 3 month period of 2016, 54 referrals were received and the most common crime continues to be shoplifting (26%). The changes to how the police respond to these crimes and YOS early intervention responses have had a positive impact on Triage cases. As a result we will be reducing the funding and retendering the contract which is due to end on 31st March 2017. The tender will reflect the changing needs of the service.

The number of Pre-Sentence Reports written and presented to Court for 2016/17 was 103, which compares to 89 in 2015/16.

Performance Update

- *Number of first time entrants (FTEs) into the Youth Justice system*
Performance improved with a reduction in FTEs to 109 in 2016/17 from 130 in 2015/16.

Model for the integrated management and delivery of health and social care services in adult social care

As part of the requirement set out in Part 9 of the Social Services and Well-being Act 2014, Regional Partnership Boards are required to establish pooled funds in relation to the care home accommodation functions by April 2018. As part of the wider joint commissioning work, Local Health Boards and local authorities will be expected to:

- Undertake a Population Needs Assessment and market analysis to include the needs of self-funders (this was completed and approved by the Regional Partnership Board, and submitted to the Minister for Social Services and Public Health by the end of March as required).
- Agree an appropriate Integrated Market Position Statement and Commissioning Strategy.
- Agree a common contract and specification.
- Develop an integrated approach to agreeing fees with providers.
- Develop an integrated approach to quality assurance.
- Adopt transparent use of resources.



The Cardiff and Vale of Glamorgan Regional Partnership Board has established a joint commissioning project to develop this work as part of the whole system redesign. The Joint Commissioning Project Board is developing a baseline to inform a Cardiff and Vale of Glamorgan Integrated Market Position Statement for Older People. The mapping of Older People Services has been completed and a draft Statement of Strategic Intent for Older People Services has been developed for further discussions with stakeholders.

Residential care for adults

The Contracts and Service Development team successfully carried out 76 scheduled visits to 22 homes to audit the quality of care and monitor the performance of Residential / Nursing Homes across Cardiff. As a result of this quality assurance process, the Directorate has been able to support Registered Managers in improving the standard of care by providing advice and guidance. Where this has not been effective the Directorate has implemented a formal Escalating Concerns Procedure which has required the Registered Manager to implement improvement on the basis of an agreed Action Plan and timetable.

Appropriate application of Adult Services Escalating Concerns Procedures during 2016/17 supported improvement in the quality of care in residential and nursing care. There has been a year on year reduction in the number of care providers under escalating concerns; with 1 for domiciliary care and 2 residential / nursing care as at 31st March 2017 compared to 3 domiciliary care and 8 residential / nursing care organisations as at 31st March 2016. A consequence of placing providers on escalating concerns is that capacity in the market is reduced for the duration of the process.

One of the recommendations of the independent Operation Jasmine Report commissioned by the Welsh Government was that the contract for residential and nursing care should be reviewed with a view to strengthening oversight and quality control. Work to review the contract has commenced in partnership with the Vale of Glamorgan. A contract review group has been established and members include the Vale of Glamorgan, the University Health Board (nursing and finance sections) and a cross section of providers from both Cardiff and the Vale. Regular meetings have taken place throughout the year to identify good practice and recommend improvements to be made during 2017/18. Implementation will take account of the new Regulation and Inspection of Social Care (Wales) Act 2016.

Performance Update

- *Average age of adults entering residential care homes*
2016/17 = 82
- *Average length of time adults (aged 65 or over) are supported in residential care homes*
results
2016/17 = 1,067 days

Delayed transfers of care (DToC)

The Social Services Directorate has continued to work closely with Health and the Vale of Glamorgan Council to reduce Delayed Transfers of Care (DToC) for social care reasons. This has included working together with these partners to implement the recommendations from a joint the review of winter 2015/16 and contributing to an action plan for proposed actions during winter 2016/17. A Wales Audit Office review of DToC performance in Cardiff and the Vale of Glamorgan concluded that partnership working between Cardiff Council and Health had significantly improved, providing a positive platform for sustaining improved performance in relation to DToC in the current year and in the future.

The total number of DToCs for March 2016/17 as reported by the Integrated Health and Social Care Partnership Board is 58 compared to 107 for the same period last year; a decrease of 46%. The total number of DToCs aged 75+ for 2016/17 is 34, compared to 26 for 2015/16; an increase of 31%. The number of bed days lost for 2016/17 is 1, 371 compared to 1,224 for 2015/16, an increase of 12%.

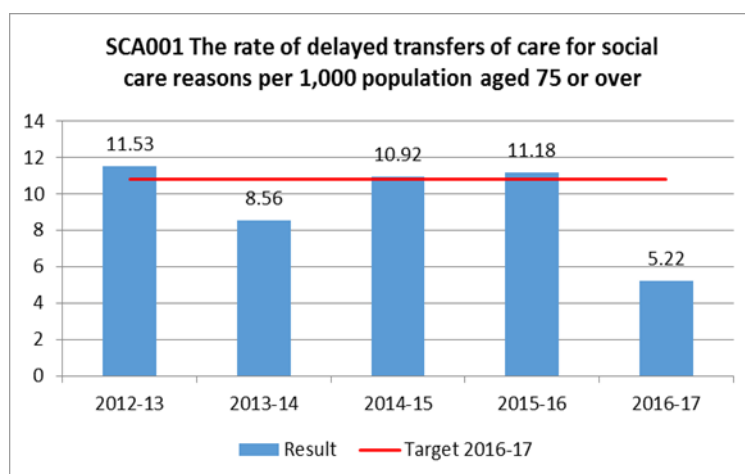
Although DToC rates improved significantly during the year, sustaining lower rates this remains challenging. As mitigation for the winter of 2016/17, a Bridging Team was established using monies from the Integrated Care Fund (ICF) programme to enhance the Community Resource Teams' (CRTs') capacity to mitigate against DToC figures 'spiking'. The Bridging Team provide 'holding' packages until commissioned packages become available and provide a service in cases of a crisis / emergency and this will substantially improve system flow. Meanwhile a long term strategy for improvement is the development of alternative delivery models for domiciliary care.

Performance Update

- The rate of delayed transfers of care for social care reasons per 1,000 of the population aged 75 or over*

2016/17 = 5.22 (total number of delays for social care reasons aged 18+ = 123)

Performance has improved considerably to 5.22 from 11.18 in 2015/16 (total number of delays for social care reasons aged 18+ = 263). The target of 10.79 was comfortably achieved.



Reablement

2 Community Resource Teams (CRTs) operate across Cardiff. Both have moved to a 7 day working pattern to enable discharges at weekends, providing step up and step down services to avoid admission to hospital or accelerate discharge from hospital. The Community Resource Teams support patients who are not well enough to go home but are medically stable and do not need to be in hospital. The multi-disciplinary integrated teams consist of Health staff from Cardiff and the Vale University Health Board and staff from Cardiff Council. Home Care Managers, Home Care staff at the CRTs and Age Connects offer a range of reablement services and a positive inspection report from the Care and Social Services Inspectorate Wales (CSSIW) reported that the service focused on outcomes and independence and was provided by competent and confident staff who had a clear leadership structure providing good communication. Citizen feedback included: "Staff listened" and offered choice, "cannot praise them enough" and care 'not rushed', 'able to talk'.

Performance Update

- *The percentage of adults who completed a period of reablement and:*
 - *have a reduced package of care and support 6 months later*
2016/17 = 66.7% (10 / 15)
 - *no package of care 6 months later*
2016/17 = 83.4% (251 / 301)

Mental Health Community Services Review

In 2015 an extensive engagement process was undertaken that sought the views of community staff, citizens in need of care and support, carers and a range of other stakeholders including GPs. The next stage is to undertake a programme of work that will address some of the issues raised during the engagement process and seek to improve the way we deliver our community mental health services based on a Locality Model. In November 2016 a programme implementation steering group was established to oversee the programme. The group is made up of employees of the Local Authority and University Health Board. It is a multi-disciplinary team, with representatives from clinical services, human resources and managerial disciplines. The development programme has been split into 4 work streams as set out below and a task and finish group has been allocated to each work stream:

- Duty workload
- Managing new referrals
- Standards of care for secondary patients
- Moving to a locality model

What are our priorities for next year and why?

- Revisit the effectiveness of the current partnership arrangements for the delivery of Child and Adolescent Mental Health Services by March 2018 to identify ways in which to improve services in this area



- Implementation of the Youth Offending Service Improvement Plan by March 2018 in response to Her Majesty's Inspectorate of Probation inspection findings.
- Work with partners to maintain the reduction in Delayed Transfers of Care for social care reasons during 2017/18 to support more timely discharge to a more appropriate care setting.
- Implement the recommendations of the Community Services Review in collaboration with the University Health Board, regarding the future model of Community Mental Health Services in order to effectively support and deliver community based mental health services by March 2019.

6. TAKING STEPS TO PROTECT AND SAFEGUARD PEOPLE FROM ABUSE, NEGLECT OR HARM

Outcomes achieved:

- ✓ Voices of children and their families more effectively heard.
- ✓ Children are better protected from Child Sexual Exploitation (CSE) as a result of the impact of the CSE Strategy.
- ✓ More effective safeguarding of 3,505 adults in domiciliary care and 1,074 adults in residential / nursing care by reducing the number of providers under escalating concerns. Please see page 32 for further information.
- ✓ Response to safeguarding children and adults is improving as multi agency strategy discussions are taking place immediately thereby improving timeliness of response.

What did we plan to do last year ?

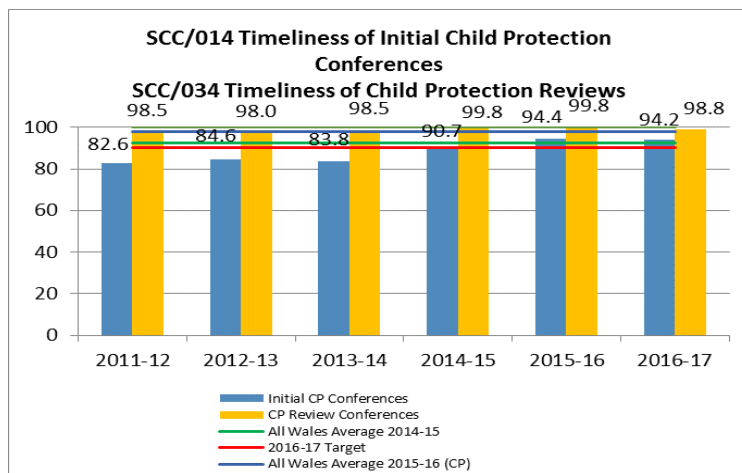
- Implement the Cardiff Child Sexual Exploitation (CSE) Strategy in collaboration with partners by March 2017 to do everything possible to prevent CSE, protect and support those affected by CSE and tackle perpetrators.
- Improve the system for protecting children from significant harm by implementing new Multi Agency Safeguarding Hub (MASH) arrangements for managing referrals by June 2016.
- Implement the new requirements of the Social Services and Well-being (Wales) Act 2014 with regard to Adult Safeguarding during the 2016/17 financial year to protect adults at risk, implement new Adult Protection and Support Order(s) and establish a new Safeguarding Adults Boards including a National Independent Safeguarding Board.

How far did we succeed and what difference did we make ?

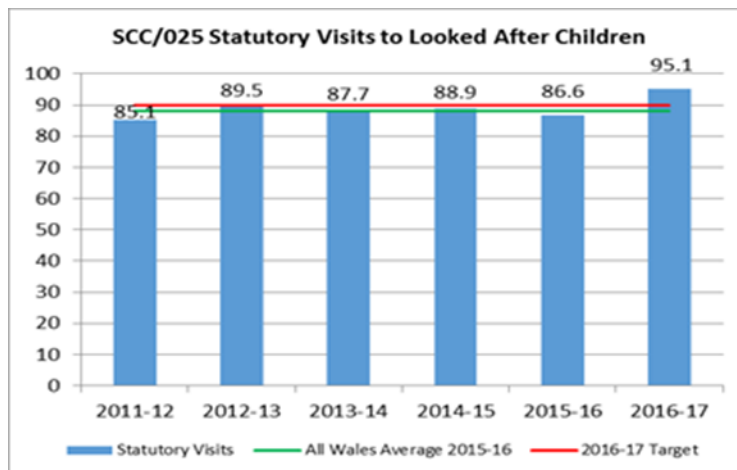
Performance Update & Survey Results

- *People reporting that they feel safe*
Adults = Yes = 354 / 469 = 75.5%
Carers = Yes = 5 / 5 = 100.0%
Children = Yes = 181 / 210 = 86.2%
Care leavers = Yes = 19 / 27 = 70.4%
- *The percentage of re-registrations of children on local authority child protection registers 2016/17 = 3.9% (13 / 343)*
Of the 343 children who were added to the Child Protection Register (CPR) during the year, 13 had been on the CPR during the previous 12 months.

- *The average length of time for all children who were on the child protection register during the year*
2016/17 = 230 days (113,250 / 492)
- *The percentage of initial child protection conferences due in the year which were held within 15 working days of the strategy discussion*
2016/17 = 94.2% (374 / 397)
Performance remained stable from 94.4% (526 / 557) in 2015/16.
- *The percentage of child protection reviews carried out within statutory timescales during the year*
2016/17 = 98.8% (1,000 / 1,012)
Performance reduced slightly from 99.8% (1,017 / 1,019) in 2015/16.



- *The percentage of statutory visits to looked after children due in the year that took place in accordance with regulations*
2016/17 = 95.1% (1,933 / 2,033)
Performance improved from 86.6% (1,537 / 1,774) in 2015/16.





“Not in Our City, Not Our Children” – Cardiff’s Child Sexual Exploitation (CSE) Strategy

Not in Our City, Not to Our Children has enabled significant progress to be achieved in ensuring that children and young people are protected from CSE. The strategy has impacted as follows:

- Drawn all key partners together with a common objective and action plan.
- Enabled an audit and analysis of service effectiveness.
- Established processes within Children’s Services and in external organisations to identify children at risk at the earliest opportunity.
- Drawn more effectively on the voices of children and their families.
- Promoted city wide awareness raising in the night economy.
- Facilitated effective multi agency cooperation across the statutory and voluntary sectors with organisations working together to common objectives.
- Secured funds for the provision of a specialist service for those children most at risk.
- Enabled the provision of preventive services at the earliest opportunity.
- Ensured the disruption of people and places of concern.
- Supported children to break away from sexual exploitation and recover from their experiences.
- Raised the profile of Cardiff across Wales and the UK as a beacon of good practice.

The aims of the Strategy are to:

1. **Understand the scale of the problem**

The Regional Safeguarding Children Board (RSCB) CSE strategic group has begun a process of understanding the picture of CSE within the area. It is gathering key CSE data and information on trends as well as details of all activity to address CSE from every agency including statutory and third sector organisations in Cardiff and the Vale of Glamorgan. This will provide a full understanding of the picture of CSE across the area and what action is taking place to address it, and will provide an evaluation of the effectiveness of multi agency working in relation to CSE.

Arrangements to include the voice of the child and their family in CSE Multi Agency Safeguarding Meetings are now in place. Work will take place in the coming year to make arrangements for children and families to attend these meetings.

2. **Raise awareness**

Training has been delivered to teachers, youth workers, youth mentors and Education Welfare Officers to support them in raising awareness of CSE through their daily work with children. Specific work has been undertaken with schools to develop a CSE awareness programme specifically for boys to ensure they understand acceptable behaviour in relationships, how to deal with peer pressure, understanding the difference between fantasy and reality, what behaviour is illegal and what the consequences for their future might be if they break the law.

Work has commenced on a targeted campaign to raise awareness of parents, carers, professionals and communities - campaign roll out is planned for summer 2017.

3. **Identifying those at risk and provide early support**

Training continues to be provided for professionals across Children’s Services and other organisations (including hostels and supported accommodation providers across the city)



to ensure that children at risk are identified as early as possible.

A group has been established for professionals undertaking direct work to reduce CSE risk and build resilience to ensure workers are properly equipped and supported.

4. Support victims to break away from sexual exploitation and recover from their experiences

During the year a mapping exercise was undertaken which identified that a specialist service is required to support victims to break away from sexual exploitation and recover from their experiences. As a result, funding was secured for a temporary (3 year) Multi Agency CSE Prevention Team to undertake this work.

Work has taken place to understand how the victim participation group can be best run in order to guard against further traumatising the young people involved.

5. Disrupt and prosecute perpetrators

Progress has been made around establishing a Multi Agency Community Safety Panel to manage CSE risk posed by people and places of concern. A Terms of Reference has been drafted and is currently subject to consultation with the intention of being agreed early in 2017/18 prior to circulation to partner agencies.

Work is underway with police and third sector organisations to begin joint work to engage with the night time economy business community around CSE prevention. In addition, an information leaflet for taxi drivers has been developed in conjunction with Cardiff's Licensing Department. This will be ready to distribute to the 2,200 licenced drivers in the city in the coming weeks.

Additional funding was agreed as part of the 2017/18 budget to establish the temporary Multi Agency CSE Prevention Team on a permanent basis. This means that the team will continue to implement the CSE Prevention Strategy, fulfil the expectations set out by Welsh Government in the National Plan to tackle CSE and address the need that has been evidenced. The recent Scrutiny inquiry detailed the shortcomings of the reactive, limited response to CSE prior to the commencement of the CSE prevention work 16 months ago. The CSE team will prevent any rolling back of the progress made and ensure there is no return to the picture prior to October 2015.

The team will work with children and families to raise awareness of the risks to children, reduce the risks and keep children safe. The CSE team will work to ensure practice across the service and wider Council is of a high standard, able to identify and address need.

It is anticipated the team will:

- Prevent abuse through CSE by intervening as early as possible where children are at risk.
- Keep children safe in their families and prevent them coming into the care of the local authority.
- Support and sustain placements where children are looked after by the local authority.
- Work across the council to assist and equip officers to identify children at risk and meet need through preventive support.
- Make Cardiff a hostile place for CSE perpetrators.



Multi Agency Safeguarding Hub (MASH)

The Multi Agency Safeguarding Hub was implemented during the year to improve the system for protecting children from significant harm by implementing new arrangements for managing referrals. Demand continues to remain high which is impacting on capacity for all partners. A successful growth bid for 2017/18 will be used to mitigate this by strengthening the resource of the existing team and developing a step down service in conjunction with Families First to manage the high volume of cases that do not meet the Children's Services threshold. Early indications are that our response to safeguarding children and adults is improving – e.g. multi agency strategy discussions are taking place immediately thereby improving timeliness of response. Multi agency threshold meetings with all partners take place weekly and are chaired by the Assistant Director for Children's Services. The meetings quality assure a sample of cases and confirm that the multi agency response to safeguarding concerns remains robust. Quality of referrals is an ongoing issue and regular feedback meetings are held with referring agencies to improve the quality of referrals received. Quality assurance is discussed at weekly threshold meetings in order to identify good practice and provide feedback to partners. A detailed summary of impact and effectiveness will be provided in 2017/18 to allow for a longer period of time for information to be meaningful.

National Transfer Scheme / Dublin Scheme

The National Transfer Scheme, a new voluntary transfer arrangement between local authorities for the care of unaccompanied children who arrive in the UK and claim asylum, was launched on 1st July 2016. The purpose was to encourage all local authorities to volunteer to support unaccompanied asylum-seeking children (UASC) so there is a more even distribution of caring responsibilities across the UK. Under the scheme, a child arriving in one local authority area already under strain caring for UASCs could be transferred to another council with capacity.

Following intervention from the Director of Social Services, the Council agreed to set up a reception centre facility and arranged accommodation for 11 children. These children were subject to the *Dublin Scheme* which essentially means that these children have family links in the UK and will be united with their families once appropriate assessments have taken place. Of the 11 children received, 10 were eventually placed with their families, and 1 remains in long term care.

In addition, Cardiff Council has continued to receive and care for unaccompanied asylum seeking children who arrive in to the city either spontaneously or trafficked in to the country.

Adult Safeguarding

The Safeguarding Adults Regional Board (SARB) Cardiff and the Vale of Glamorgan is still in its infancy, and over the last year work has been progressing on developing a robust and cohesive board for the region. In moving forward it is recommended that, from this point on, the Board will be known as the Safeguarding Adults Regional Board – Cardiff and the Vale of Glamorgan. This will ensure that the work of the board captures the geographical and demographic nature of the area and its aspirations to safeguard the population within that area. After analysing the outcomes of a 6 month Strategic Review – 'Proposals for the Way We Do Business and the Business We Will Do' (which included running a series of 3 workshops facilitated by Emeritus Professor of Child Welfare in the Department of Sociological Studies at the University of Sheffield) it was agreed that the two main priorities for the SARB for 2016 to 2019 would be Domiciliary Care



/ Nursing Homes and Dementia. Subsequently the Board has produced a 3 year action plan for each priority.

Adult Protection Designated Lead Managers have been based in the Multi Agency Safeguarding Hub since September 2016 and have been using the integrated multi agency 'MHub' system to better safeguard adults in Cardiff.

The creation of 2 authorising officers for the new Adult Protection and Safety Orders will allow the authorised officers to speak to an adult suspected of being at risk of abuse or neglect in private; to establish whether the adult can make decisions freely, to assess whether they are at risk and to decide if any action should be taken.

Performance Update

- The percentage of adult protection enquiries completed within statutory timescales 2016/17 = 98.0% (1,033 / 1,054)

Deprivation of Liberty Safeguards (DoLS)

The Deprivation of Liberty Safeguards (DoLS) is part of the legal framework set out in the Mental Capacity Act 2005. The Mental Capacity Act ensures that individual human rights are upheld. The safeguards support and protect people who are unable to make decisions for themselves or consent to their care. They aim to protect the human rights of people over the age of 18 where there is doubt about their mental capacity to make informed decisions about their care and treatment when they are hospital patients, or residents in a care home. They ensure that people are only deprived of their liberty where it is in their best interest and there is no other way to keep them safe.

In order to ensure that people benefit from appropriate safeguards we operate a joint Supervisory Board with the Vale of Glamorgan Council and the Cardiff and Vale University Health Board. This enables us to prioritise those most in need of urgent assessment, but we are aware that there is a significant waiting list of assessments that require authorisation. The scale and nature of this challenge in Cardiff is replicated across the UK.

Independent Management Reviews

During the year, 2 independent management reviews (IMRs) in relation to complex cases involving children at risk have been commissioned in order to ensure that lessons are learned. The key lessons being shared with staff are:

- Complexity of cases.
- Disguised compliance by family / parents.
- Importance of focusing on the experience of the child.
- Importance of considering past patterns of behaviour and of a robust multi agency chronology.
- Importance of identifying a named senior manager to oversee complex investigations.



What are our priorities for next year and why?

- Renew the safeguarding vision and strategy across the Directorate by March 2018 in order to take account of new national policy and practice guidance currently under development.
- Develop and implement mechanism to improve engagement with communities at large and faith communities in particular by March 2018 to improve the safeguarding of children across the various communities in Cardiff.
- Strengthen the capacity of children's social services to address increasingly complex needs of children including trafficked children, children subject to Deprivation of Liberty considerations and children struggling with mental health conditions.
- Strengthen Adult Protection procedures in consultation with staff and partners by March 2018 to ensure that adults are protected from harm.

7. ENCOURAGING AND SUPPORTING PEOPLE TO LEARN, DEVELOP AND PARTICIPATE IN SOCIETY

Outcomes achieved:

- ✓ Improved opportunities for looked after children and care leavers via the Looked After Children Traineeship Scheme – 31 young people started a traineeship placement during the year and 7 young people have accepted apprenticeships.
- ✓ Better enabled young offenders to reach their potential by improving engagement in education, training and employment by 2 hours per week for young people of statutory school age and 2.4 hours per week for young people above statutory school age throughout the duration of their involvement with the Youth Offending Service. Please see page 30 for further information regarding youth offending.
- ✓ Achievement of educational outcomes for looked after children with 73.1% (19 / 26) of looked after children achieving the Core Subject Indicator at Key Stage 2 (reaching Level 4 in Science, Mathematics and English or Welsh) compared with 50.0% (39 / 78) of all children who need care and support.

What did we plan to do last year ?

- Embed the Corporate Parenting Strategy in collaboration with partners by March 2017 to ensure that the Council and partners collectively fulfil their responsibilities to all children and young people who are in their care by seeking exactly the same positive outcomes that every good parent would want for their own children.
- Work to make Cardiff a recognised Dementia Friendly City by March 2018 to support those affected by dementia, enabling them to contribute to, and participate in, mainstream society.

How far did we succeed and what difference did we make ?

Survey Results

- *People reporting that they can do what matters to them*
Adults = Yes = 219 / 470 = 46.6%
Carers = Yes = 3 / 6 = 50.0%
Children = Yes = 138 / 210 = 65.7%
Care leavers = Yes = 19 / 27 = 70.4%
- *People reporting that they feel satisfied with their social networks*
Adults = Yes = 383 / 468 = 81.8%
Carers = Yes = 4 / 5 = 80.0%

Children = Yes = 177 / 210 = 84.3%
Care leavers = Yes = 17 / 27 = 63.0%

Corporate Parenting Strategy / Educational Attainment of Looked After Children

The Corporate Parenting Strategy was agreed by Corporate Parenting Advisory Committee (CPAC) approved by Cabinet during the year. Work has been ongoing throughout the year to improve outcomes for looked after children. CPAC represents the responsibility of the authority as a corporate body to ensure the best possible services and support for looked after children and young people that encompasses a complex and layered range of activity requiring an awareness of the lived experiences of looked after children and a commitment for members to see for themselves. Some positive steps have been taken in terms of exercising corporate parenting responsibilities. Visits to some social work teams and schools have been undertaken along with increased visits to and interface with young people, epitomised by the attendance of young people at the Committee.

Events to enable CPAC to have the insight and knowledge needed for them to fulfil their responsibilities have included:

- Attending a consultation event with young people regarding the 2015/16 Annual Report of the Director of Social Services.
- Receiving a presentation from the Looked After Children Trainee Co-ordinator and 2 young people who were trainees but now have apprenticeships with the Council.
- Meeting with the Children and Family Court Advisory and Support Service to facilitate a joint workshop for regarding Signs of Safety and Placement with Parents Regulations.
- Receiving a presentation on the When I Am Ready scheme.
- Receiving a presentation on the Estyn Thematic development of the education service to looked after children with 4 areas of good practice identified.

CPAC also received a report on the Listening Event held in Quarter 4 2015/16 presented by the National Youth Advocacy Service (NYAS) who facilitated the event facilitators. The event drew out many interesting points from young people and concluded that it was evident that they are happy with the service they receive. A number of young people expressed some concerns in relation to housing, social work / personal adviser support and finance. They talked positively about the traineeship programme giving them opportunities to gain work experience and felt that they would benefit from peer support and more preparation for leaving care and living independently. They would also like the council to consider additional benefits such as free access to sports and leisure facilities and bus passes. A further Listening Event was held in order for CPAC to respond to the report and to discuss its recommendations with the young people.

The annual Bright Sparks Awards were held, where young care leavers and looked after children celebrate the achievements they have made in 2016. The event was planned by 6 young people who form the Team Bright Sparks and who also presented awards to winners aged between 5 and 23 who had been nominated by their Social Worker or Personal Adviser. Young people and care leaver were recognised and praised for their accomplishments and given a certificate and medal in recognition of their achievements. Awards for best service providers, best foster carers and most supportive schools were also given.



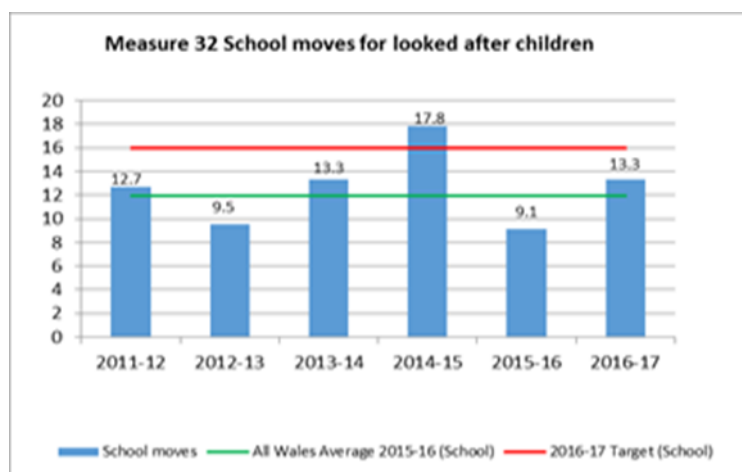
Targeted work has commenced in conjunction with the Education Directorate to return looked after children in out of area placements to Cardiff. The intention is to identify the level and type of need and existing resources in order to inform future planning and development of the right level of provision locally. During the year 16 looked after children were returned to Cardiff with an estimated cost saving of £1.1 million.

The In-House Fostering Recruitment Campaign has been refreshed during the year. The 'Count Yourself In' Campaign was launched in February 2017 and attempts to attract people who may think they cannot foster. For example, single people, same sex couples and people with a disability.

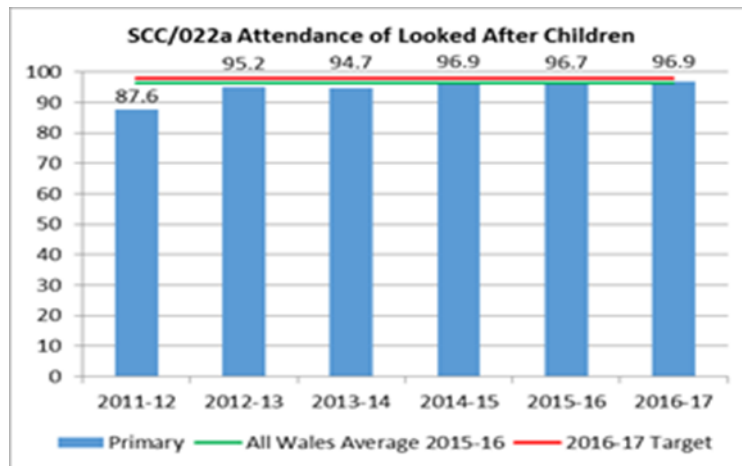
The overall picture of performance during the year is generally improving or on target. Improvements have resulted from focused work over several years to improve outcomes for looked after children, including an increased focus on joint working with the Education Service. Further work is required to build upon these improvements and joint work across Children's Services and Education is ongoing.

Performance Update

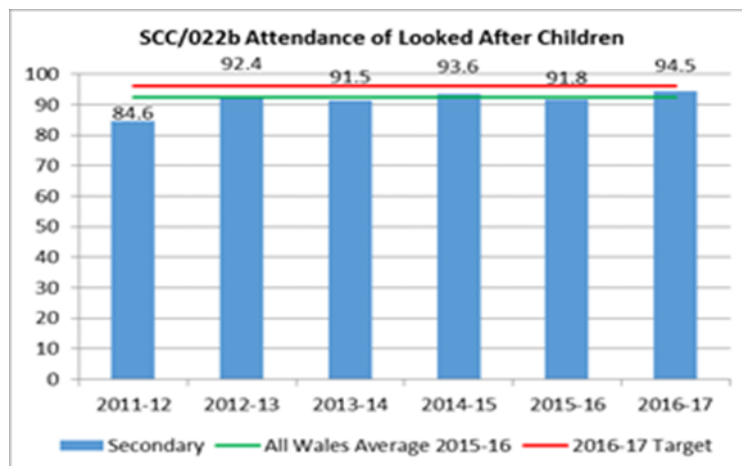
- *Percentage of children achieving the core subject indicator at key stage 2*
2016/17 = 50.0% (39 / 78)
- *Percentage of children achieving the core subject indicator at key stage 4*
2016/17 = 18.4% (16 / 87)
- *Percentage of looked after children who, during the year to 31st March have experienced 1 or more changes in school during periods of being looked after that were not due to transitional arrangements*
Performance declined to 13.3% (56 / 421) from 9.1% (34 / 372) in 2015/16, although the 12% target was met. This was anticipated due to concerted efforts to ensure that all children are suitably placed and that children are returned to Cardiff from out of area placements where this is appropriate.



- *The percentage attendance of looked after pupils whilst in care in primary schools*
Performance remained stable at to 96.9% from 96.7% in 2015/16.



- *The percentage attendance of looked after pupils whilst in care in secondary schools*
Performance improved to 94.5% from 91.8% in 2015/16.



Dementia Friendly City

Older people are an important and growing population in Cardiff. To stay well we need to work together as a community to provide opportunities to maintain good health and then care and support for people when their health deteriorates. In Cardiff we want to do two things: to help people live healthier lives so that the number of new people with dementia decreases over time and to make positive changes for people with dementia, their carers, families and friends.

Dementia describes a set of symptoms that may include memory loss and difficulties with thinking, problem-solving or language. It is caused when the brain is damaged by diseases such as Alzheimer's disease or a series of strokes. Dementia is progressive, which means the symptoms will gradually get worse. Dementia is rare for people under 65 years, but becomes progressively more common as people age. In recent years there has been an increased focus on dementia both nationally and locally because the population is ageing, and this has led to increasing numbers of people with dementia. There are approximately 5,000 people living with dementia in Cardiff and



the Vale of Glamorgan. It is estimated that approximately two-thirds of people living with dementia live in the community, with one-third living in residential or nursing care homes. Whilst Cardiff and the Vale of Glamorgan has the highest level of diagnosis in Wales at 58%, Wales has the lowest rates of dementia diagnosis of any part of the United Kingdom. A large number of people are therefore living without a formal diagnosis, hindering their access to relevant support and services.

Welsh Government's Draft National Dementia Strategy 2017-2022 was published in January 2017. The key themes from the Strategy are:

- Risk reduction and health promotion
- Recognition and identification
- Assessment and diagnosis
- Living as well as possible for as long as possible with dementia
- The need for increased support in the community
- More specialist care and support
- Supporting the plan:
 - Education and training
 - Research

In preparation for the Cardiff and Vale Dementia Strategy 2017-2027 the Cardiff and the Vale Integrated Health and Social Care Partnership completed and published a Dementia Needs Assessment in February 2017. The Dementia Health Needs Assessment triangulated data from the following sources: reviewing existing data; holding a focus group with people with dementia; interviewing 27 carers, staff and stakeholders. From this work 9 key themes were identified:

1. All of the groups that were interviewed thought that dementia was everyone's business. There was acknowledgement that, as with any illness, the society that we live in can adapt to make life easier for people with dementia. The dementia friendly communities and dementia friend's schemes were seen as a large part of this solution, with recognition that dementia friendly environments also play a part.
2. All groups thought that the key messages around prevention of dementia need strengthening and further campaigning. There is limited public knowledge of the 6 steps that people can take to reduce the risk of dementia: be physically active; maintain a healthy weight; be socially and mentally active; avoid drinking too much alcohol; stop smoking; and commit to review your health.
3. Isolation was identified by people with dementia as a major issue. Loneliness puts individuals at greater risk of further cognitive decline. Transport was a big factor in this isolation, with most people with dementia unable to drive.
4. Whilst much work has been undertaken to improve the co-ordination of services there is still room for improvement. This was recognised by staff, carers and people with dementia.
5. There was a consensus from the different groups that all people with dementia should be treated with kindness and compassion, and that staff need to be trained not just in the basics but to the level where they feel confident and can enjoy caring for people with dementia.



6. All participant groups (people with dementia, carers, and professionals) thought that primary care was where support should lie. This will require further training, support and development to ensure that primary care feel supported to deliver the services that are required.
7. The value of caring for the carers of people with dementia is recognised. The well-being of carers has a direct impact on the quality of life for people with dementia.
8. The need for much more information about what to do in a crisis was highlighted by carers and staff. In addition, timeliness of services was seen as important. Carers often only ask for help when crisis occurs, and they therefore need support quickly.
9. All respondents thought that there was unwarranted inequality in access to services. Carers described having to “fight for services”. There was widespread concern that without the family requesting services people with dementia would not have access to all the services that they need.

These themes have been used as the key themes for the Cardiff and Vale Dementia Strategy 2017-2027 as they are the main issues that were identified by the local stakeholders, staff, citizens in need of care and support and carers.

In order to produce this strategy an event was held on 14th March 2017 to gather views on what the vision should be and to gather ideas for improvements. As part of this an exercise was undertaken to help prioritise actions that had been suggested for both acceptability and compatibility. The strategy describes the vision and strategic objectives for the Cardiff and Vale Dementia Strategy for the next 10 years. The timeframe of 10 years was chosen to allow planners to consider longer term initiatives such as new housing developments in relation to dementia.

The Cardiff and Vale 3 Year Dementia Plan has been in place since April 2014 and ended in March 2017. It has been a driver for much improvement over the last 3 years. A summary of the actions completed through the existing Dementia 3 Year Plan include:

- Pilot dementia supportive community areas implemented and both received recognition status.
- Roll out of Making Every Contact Count.
- Telecare / telehealth strategies being implemented.
- Dementia Champions Network developed.
- ‘10 minutes of your time’ survey widely implemented (within a Mental Health inpatients setting).
- Existing training provision scoped across health and social care, and a future model created.
- Supporting Public Service Innovation using Design in European Regions (SPIDER) project in reablement services completed.
- Mini audit of general hospital inpatients completed.
- Single point of access for urgent and emergency referrals within Mental Health created.
- Anti-psychotic checklist and dementia drugs pathway ratified and launched.
- The refocusing model, within current resource limitations, is fully applied.
- Length of stay for people with dementia audited.
- District General Hospital Liaison Psychiatry for Older People Service developed.



- Carers education pathway developed.
- Training on non-pharmacological methods in behaviour management rolled out, covering health and social care staff in pilot areas.

The key outstanding actions for Year 3 to be carried forward include:

- To develop memory services capacity further to cope with increasing demand.
- To develop the quality of residential and nursing care home placements if appropriate and consider supported living options.
- To develop standard guidance on how to conduct an anti-psychotic medication review.
- To implement Dementia '2 minutes of your time' Carers survey widely.
- To develop respite opportunities by assessing need and then rolling out the new opportunities.
- To increase the opportunities for different respite opportunities and publicise them.
- To increase opportunities for people with dementia to die at their place of choice.
- To roll out of dementia supportive communities pilots, with evaluation of the pilots and consideration given to integrating these across all Cardiff and Vale communities.
- To develop primary care Quality and Outcomes Framework 15 month review to a standardised template and train primary care clinicians.
- To re-audit the prescribing of anti-psychotics in people with dementia.

Volunteer Befriender Scheme

This Volunteer Befriender Scheme is available for children in need aged 7-16 who are assessed as being suitable for the scheme. Volunteers take the young person out into their local community, and provide them with opportunities to become involved in various leisure and sporting activities. They try to find an activity that the young person can carry on with when the service ends.

Due to resource limitations, recruitment of volunteers and developmental opportunities were limited during the year, however, the scheme was able to recruit a number of new volunteers, whilst offering support to 16 young people during this period. The young people matched with a volunteer were able to experience new and different activities and learn new skills that helped to raise their self esteem and improve relationships with family and others. Young people who access the befriender scheme have found the service beneficial and have spoken positively about their engagement.

Virtual School

The "Virtual School" tracker is now in place and includes all looked after children in Cardiff and out of area schools. The tracker includes attainment, attendance and exclusion data and the Education Directorate are in the process of including termly information from schools. A one page profile can be produced at any time which is invaluable for reviews and if a child changes school. The information is helping us to ensure children have additional support where appropriate and to make pupil progress meetings held with the Looked After Children Education Team more focused on improving outcomes.



Looked After Children Traineeship Scheme

The Looked After Children Traineeship Scheme continues to support positive outcomes for young people. 60 young people have been through the scheme (31 started a traineeship placement during the year) and 7 young people are currently apprentices with Cardiff Council. The scheme has been highlighted as an area of good practice by ESTYN. One young person commented on the scheme to say “this scheme changed my life”.

Child Friendly City

During the year, Cardiff made a successful application to be part of the Child Rights Programme. Children’s Services played a key role in development of the application and Cardiff was designated as a Child Rights Partner by the United Nations International Children’s Emergency Fund (UNICEF) from 2017. UNICEF noted that in the application Cardiff demonstrated a commitment to children’s rights, high aspirations for children and young people in the local authority and a coherent vision for how to use the programme as a vehicle for change. Cardiff continues to work towards its ambition to attain Child Friendly City status.

Children Zone proposal

In January 2017 a cross-Directorate proposal was submitted to Welsh Government, seeking agreement for Cardiff to pilot a Children’s Zone. The proposal consolidated a range of developments already in place within the Education, Children’s Services and Communities Directorates, building on the locality approach pilot already in place for delivering older peoples’ services. The proposal centres around the adage that whilst it’s parents’ responsibility to care for their child, *it takes a community to raise a child* in order to provide the best environment for nurturing the individual so that it has the best possible opportunity to reach its full potential.

Cardiff’s proposal has at its heart, the aim to prevent and protect children from the impact of Adverse Childhood Experiences (ACEs). The proposal recognises that tackling ACEs requires us to be smarter about earlier intervention in the lives of our very youngest members of society, shifting the emphasis into prevention and protection. The vision for a Cardiff Children’s Zone is that it will have the following impact:

- **Fewer looked after children** - because it will ultimately mean fewer children's needs being met through the Court arena, in the looked after system or in the criminal justice system. More children will be able to enjoy family life in their own homes.
- **Sustainable Futures - Cost Effective Services** - it will have major implications for agencies who will be better able not only to sustain services in the face of considerable financial pressure but to deploy a greater proportion of those resources to much greater effect for the benefit of a greater number of children. Less of spending large sums on a few children with poor overall outcomes; more of spending lower cost effective sums on a wider population of children whilst securing better outcomes. Joint commissioning of services to meet identified needs collaboratively will enable better deployment of resources and value for money in service provision.
- **Better Educational Achievement** - children will be supported more effectively to fully engage in school life, both academically and through enriched learning opportunities. We would expect to see improved attendance, reduced exclusions, better attainment levels and positive well-being.



- **Positive Destination Outcomes for Young People** – collaboration between schools, families, communities, training providers and employers at a focused local area level, will enhance the level of support that can be made available to young people that may be at risk of not progressing to ongoing education, training or employment post 16. Learning pathways and appropriate opportunities will be more effectively planned and more accessible.

Should the proposal be agreed by Welsh Government, it is intended that work will commence early in 2017/18.

Mental Health – the Ty Canna Recovery Model

The Ty Canna Outreach service provides practical and motivational approach to individuals with mental health conditions who have additional complex needs. Adult Services have been operating the recovery model for over 6 years, 139 people were referred to the service in 2015/16. Each person referred to the service completes an assessment tool and agrees on goals they want to achieve and how to work toward this. The service consists of one to one outreach sessions, activities, volunteering opportunities and user led services. The service has also employed 4 part time Peer Support individuals, who have received interventions from the service themselves and who have lived with the experience of mental health conditions. They provide inspiration and hope for others referred to the service who want to make changes in their lives. Feedback from individuals who have used the service include:

- ‘Ty Canna has given me the support and encouragement I needed to look forward rather than dwell on my past for the first time in my adult life.’
- ‘I couldn’t have asked for more.’
- ‘I am now looking to move on from Mental Health Services, which is something I thought I would never do.’
- ‘I hope to go to University this year’ and ‘new beginnings and opportunities’.

Learning Disability Day Services

During 2016/17 the service was reconfigured to become a Complex Needs Day Service and the service now supports users with a learning disability with complex and challenging behaviour, with multiple and profound disabilities, with Autistic Spectrum Disorder (ASD) and with dementia. Adult Services have invested heavily in staff development to ensure staff have the right skills and knowledge and are able to meet the complex presentations of need well, training has included Autism Awareness, Postural Management, Epilepsy and Person Centred Thinking. Citizens have far more community presence and are gaining new skills. Families continue to express satisfaction with the service and support.

Llanishen Locality Based Working Project

Adult Services has been working closely with its colleagues in Communities in relation to the development and implementation of a pilot to inform a new model of domiciliary care and community support. The Locality Based Working Project has made steady progress towards full delivery against all 4 work streams including:

- **Co-ordination of Day Opportunities** – including improving joint working with public, private and third sector to meet residents’ needs more effectively.



- **Locally Based Home Care** – including piloting a new, flexible way of working which differs from the traditional ‘time and task’ approach.
- **Health Based Services** – including maintaining and building upon regular contact between the Council and Health (e.g. local GP clusters and district nursing teams).
- **Future Housing Strategy** – including reviewing and proposing solutions for the current issues with the housing list, to ensure that those with complex needs are catered for in a timely way.

Support Planners

The reconfiguration of the Learning Disability Day Service Officers has seen the creation of 6 full time equivalent Support Planner posts across the east and west Learning Disabilities teams in Cardiff. Support Planners work with newly referred or existing adults to help them develop their full potential, enable them to become more independent and integrate into their local community e.g. the arrangement of voluntary work placements.

Health Checks

Using Integrated Care Funding (ICF) under the Disabilities Future Programme (DFG) user led Learning Disability Groups have been promoting ‘Health Checks’ for citizens in partnership with GPs to raise awareness and increase uptake.

What are our priorities for next year and why?

- Deliver the Corporate Parenting Strategy by 2019 to ensure that the Council and partners collectively fulfil their responsibilities to all children and young people who are in their care by seeking exactly the same positive outcomes that every good parent would want for their own children.
- Work to make Cardiff a recognised Dementia Friendly City by March 2018 to support those affected by dementia, enabling them to contribute to, and participate in, mainstream society.

8. SUPPORTING PEOPLE TO SAFELY DEVELOP AND MAINTAIN HEALTHY DOMESTIC, FAMILY AND PERSONAL RELATIONSHIPS

Outcomes achieved:

- ✓ Improved support to adults through high quality specialist day services (including dementia).
- ✓ Adults encouraged to independently access social activities and engagement opportunities by more effective working with colleagues in Communities to deliver the Llanishen Locality Based Working pilot Project which provides information, advice and assistance.

What did we plan to do last year ?

- Deliver improvements to Day Care services across all Adult Services client groups by March 2017 to maximise independence.
- Offer a Carers Assessment to all eligible adult carers who are caring for adults during the 2016/17 financial year to ensure that they receive the help and support they need, in the ways they need it.

How far did we succeed and what difference did we make ?

Performance Update & Survey Results

- *People reporting that they feel part of their community*
 Adults = Yes = 227 / 458 = 49.6%
 Carers = Yes = 4 / 5 = 80.0%
 Children = Yes = 155 / 210 = 73.8% (belong in area)
 Care leavers = Yes = 15 / 27 = 55.6%
- *Parents reporting that they felt involved in any decisions made about their child's care and support*
 Yes = 24 / 65 = 36.9%
- *The percentage of looked after children reviews carried out within statutory timescales during the year*
 2016/17 = 94.8% (1,928 / 2,033)
 Performance has remained stable from 94.5% (1,676 / 1,774) in 2015/16.



Day care services for older people

Progress during the year supports the overall objectives of the older peoples day services work including:

- Services are responsive to the needs of people with dementia and / or functional mental health issues.
- Services are responsive to the needs of people with high care and support needs.
- People are supported in the day centre setting which is best able to meet their needs.
- Improved joint working relationships with colleagues within Cardiff and Vale University Health Board to the benefit of citizens in need of care and support / patients and their families.
- Upgrading the quality of the accommodation and amenities to meet contemporary care standards and citizens' and carer expectations.

During 2016/17 the Directorate worked closely with our colleagues in Communities in the planning and designing of the structural work required for the refurbishment of the centres. Minehead Road will be the first work to be completed. All of the day centre staff there have been involved in discussions and decisions to ensure we have the appropriate experience and skill mix to support people in each of the 3 remodelled day centres.

A similar exercise will commence at another of our Older People's Day Centres in Grand Avenue from April 2017 onwards. This will be a long term piece of work to ensure we have all the detail of the requirements needed to put in place a remodelled service.

Carers assessments for adult carers

79.5% of known carers were offered a carers assessment (2,833 offers for 3,563 carers) compared to 76.8% in 2015/16 (2,735 offers for 3,562 carers). The number of carers assessments completed during the year was 705 which exceeded the annual target of 600 although was a reduction from the 771 completed in 2016/17. This was primarily due to limited resource to undertake the assessments which has been resolved by the appointment of 3 Carers Assessment Workers (CAWs) during the year so it is anticipated that Carers Assessment offers will improve in 2017/18.

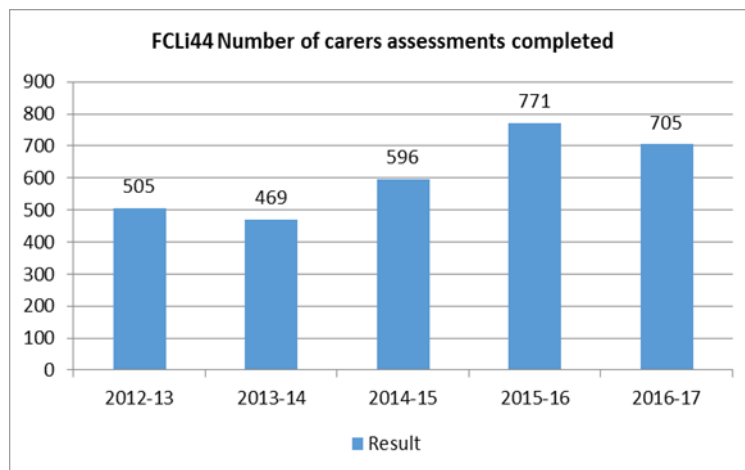
Adult Services were also successful in securing additional funding as part of the 2017/18 budget for a further 2 permanent Carers Assessment Worker posts. Their duties will include:

- Completing Carers Assessments and reviews.
- Identifying services that can be accessed through the community to support carers and supporting them and/or the person they care for to access external grants.
- Outreach work in community venues such as Hubs, GP Practices and Hospital Information Centres.
- Attendance at events to raise carer awareness to both the public and professionals.

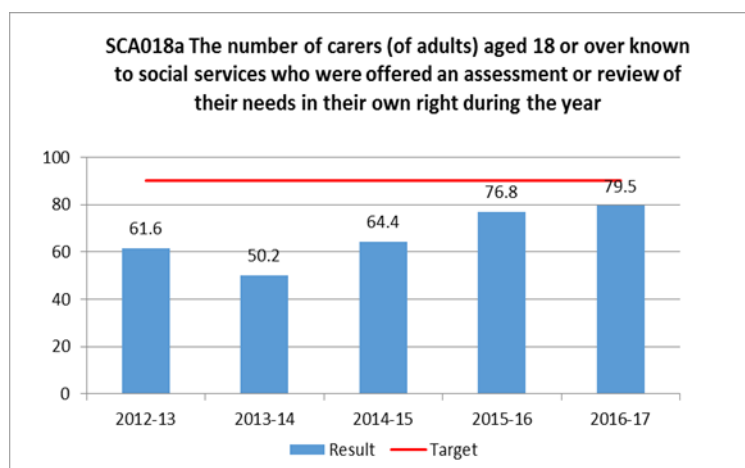
The Carers Policy Officer attended team meetings towards the latter part of the year to reinforce the Council's duty to carers and to identify barriers to offering Carers Assessments with the aim of improving teams' compliance in offering Carers Assessment and increase the number of referrals made to the Carers Team. In the coming year, all adult carers known to the service, (who did not receive an offer of a carers assessment during 2016/17) will be offered a carers assessment.

Performance Update & Survey Results

- *Carers reporting they feel supported to continue their caring role*
Yes = 3 / 5 = 60%
- *Carers reporting they felt involved in designing the care and support plan for the person they care for*
Yes = 4 / 5 = 80.0%
- *Number of carers assessments completed*
2016/17 = 705.
Performance met the target of 600, but was a reduction from 771 in 2015/16.



- *The percentage of eligible adults who are caring for adults that were offered a Carers Assessment during the year*
2016/17 = 79.5% (2,833 / 3,563) compared to 76.8% in 2015/16 (2,735 / 3,562).



Young Carers

The Families First Young Carers Project, Gofal I Chi, provides individual and group support for young carers aged 5-15 to enable them to better understand and managed their caring role in



both practical and emotional terms. They undertook group work with 21 young carers and provided individual support to 9 young carers between April 2016 and March 2017. In addition, Cardiff YMCA works with the Youth Service to provide a special youth provision for young carers which is funded via alternative sources. Arrangements for supporting young carers will be reviewed in 2017/18 to ensure that services complement each other and that there is no duplication.

Safe Families for Children

This was a new prevention service that works with Children's Services to link families in need with local volunteers who can offer them help and support through a crisis. During the year, 26 referrals were made to Safe Families for Children and admission to the looked after system / inclusion on the Child Protection Register was avoided all 26 children. Health also make direct referrals to this service, to provide, for example, respite for up to 7 days whilst mother is in hospital. Without this respite provision, these referrals would be made to Children's Services for foster placements.

Family Group Conferences

Family Group Conferencing utilises the strengths of family / friends to make their own plan to support and safeguard the children. During the year, 23 children received services from the preventative Family Group Conferences initiative. Accommodation as a result of family breakdown or addition to the Child Protection Register was avoided for 12 of these children.

Performance Update

- *The percentage of children supported to remain living with their family*
2016/17 = 55.2% (894 / 1,619)
Of the 1,619 children with a Care and Support Plan at 31st March 2017, 895 were being supported to live at home (i.e. were not being looked after).
- *The percentage of looked after children who returned home from care during the year*
2016/17 = 11.6% (116 / 982)
Of the 982 children who have been looked after during the year, 116 have returned home.

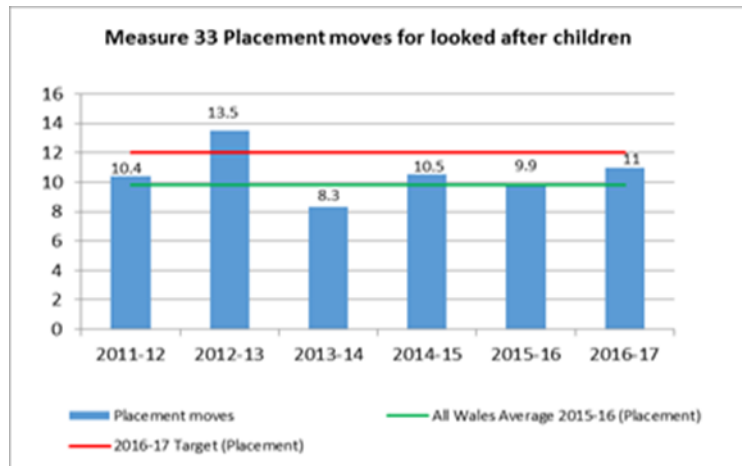
Legal Surgery and Care Planning

The Legal Surgery has seen an increase in cases presented and the positives include Social Workers accessing immediate legal advice and a clear audit of decision making. The surgery continues to ensure that care plans are expedited and senior managers have oversight of care planning and identify emerging trends and patterns.

Performance Update

- *The percentage of looked after children on 31st March who have had 3 or more placements during the year*
Performance declined to 10.9% (79 / 725) from 9.9% (64 / 644) in 2015/16 although the 12% target was met. This was anticipated due to concerted efforts to ensure that all children are suitably placed and that children are returned to Cardiff from out of area placements where this is appropriate. This means that some children have been moved as

a proactive action - not due to placement breakdown - to a placement better suited to meet their long term needs / or to return from out of area.



Connected Persons Assessments

In most circumstances the welfare of a child is best met by being brought up within their own family. Connected Persons assessments are assessments of people with a prior connection to a child or young person (e.g. relative, friend or any other person with a prior connection) to determine whether it is appropriate for them to become a foster carer for the child. Demand for these assessments is high and 89 assessments were initiated in 2016/17.

Placement with parents

The number of looked after children who are placed with their parents has continued to rise (from 77 at 31st March 2016 to 93 at 31st March 2017). A successful financial pressures bid will enable us to create a team of Social Workers to deal specifically with these cases due to the high levels of visits and supervision required. It is hoped that a specialist team could expedite more timely Care Order revocations, thereby ending the looked after status of these children when appropriate. Recruitment is due to commence in 2017/18.

Supervised Contact Services

The supervised contact service was recommissioned during 2015/16 and the new service, provided by Swanstaff commenced in May 2016. The impact of the supervised contact service has been significant in terms of enabling Social Workers to have more time to undertake their role when previously they were managing their role alongside supervising contact. In addition, the quality of the recording of contact sessions has improved which assists with appropriate care planning and better outcomes for children.

What are our priorities for next year and why?

- Implement new services in 2017/18 in order to promote family stability and reduce family breakdown.
- Implement new model of Day Opportunities by March 2018 (subject to the completion of major building works which should be substantially completed by this date) to maximise



independence for adults with care and support needs.

- Develop a Learning Disability Day Opportunities Strategy 2018-20 and prepare an effective business case for the redevelopment of Tremorfa Day Centre to help people with a learning disability feel more valued, be more independent and to maximise opportunities for choice and control for each individual.
- Offer a Carers Assessment to all eligible adult carers who are caring for adults during the 2017/18 financial year to ensure that they receive the help and support they need, in the ways they need it.

9. WORKING WITH AND SUPPORTING PEOPLE TO ACHIEVE GREATER ECONOMIC WELL-BEING, HAVE A SOCIAL LIFE AND LIVE IN SUITABLE ACCOMMODATION THAT MEETS THEIR NEEDS

Outcomes achieved:

- ✓ Improved opportunities for looked after children and care leavers via the Looked After Children traineeship scheme – 31 young people started a traineeship placement during the year and 7 young people have accepted apprenticeships. Please see page 50 for further information.
- ✓ People continue to be better supported in accessing community based activities which meet their interests and desired outcomes. This resulted from our success in securing funding to sustain the Healthy and Active Project in partnership with Age Connects.

What did we plan to do last year ?

- Develop a multi-disciplinary specialist service by September 2016 to prevent teenagers becoming looked after.

How far did we succeed and what difference did we make ?

Performance Update & Survey Results

- *People reporting that they live in the right home for them*
 Adults = Yes = 388 / 454 = 85.5%
 Carers = Yes = 6 / 6 = 100.0%
 Children = Yes = 173 / 210 = 82.4%
 Care leavers = Yes = 19 / 27 = 70.4%
- *Children and young people reporting that they are happy with whom they live with*
 Yes = 179 / 210 = 85.2%
- *People reporting they have received care and support through their language of choice*
 Adults (aged 18-24) = Yes = 450 / 470 = 95.7%
 Carers (aged 18-24) = Yes = 5 / 5 = 100.0%
 Children (aged 16-17) = Yes = 39 / 55 = 70.9%
 Care leavers = Yes = 23 / 27 = 85.2%

- *Young adults reporting they received advice, help and support to prepare them for adulthood*
Young adults = Yes = 5 / 7 = 71.4%
- *People reporting they chose to live in a residential care home*
Adults = Yes = 55 / 87 = 63.2%
- *The percentage of all care leavers who are in education, training or employment at 12 months after leaving care*
2016/17 = 58.5% (55 / 94)
- *The percentage of all care leavers who are in education, training or employment at 24 months after leaving care*
2016/17 = 38.2% (39 / 102)
- *The percentage of all care leavers who have experienced homelessness during the year 2016/17 = 17.3% (56 / 324)*
This indicator includes all care leavers aged up to 21 or above in they are in full time education. It counts any period of homelessness during the year and includes a variety of situation, such as bed and breakfasts, moving frequently between friends and leaving prison without a home to go to. Although young people may not have been homeless at the time they left care, this PI reflects any difficulties they experience in the following years – a few for instance are staying with girl/boyfriend's families, and if this breaks down they may be sofa surfing for a time before finding somewhere else to live.

Adolescent Resource Centre

The Adolescent Resource Centre is expected to prevent the accommodation of teenagers on the edge of care and thus divert expenditure away from costly fostering / residential placements for looked after children to less costly preventative interventions. Recruitment to the team is complete and the service will be operational from April 2017. Impact will be monitored in 2017/18. A stakeholder engagement event has been held to consolidate partnership arrangements with key stakeholders and a model for delivering the respite element has been agreed and a recruitment campaign launched in conjunction with the Fostering Service as carers will be approved foster carers.

Housing Gateway

In recognition of the need to ensure that young people aged 16 and above who find themselves homeless are supported appropriately, in partnership with the Communities and Housing Directorate, in 2015/16 we developed a single gateway for young people aged 16 or above to access direct housing, advice and support. The service has a number of tiers which are designed to meet varying levels of needs. The Gateway has been a very positive development for young people needing to access accommodation. The service is accessible, reduces anxiety for young people and reduces homelessness. The Gateway is working smoothly with all partners on board and very few issues or inability to place. We do, however, struggle to place some young people



with exceptionally high needs aged 16 and 17 but we are currently working on a project with Housing to design a Council provision that 'can't say no!'.

Between 5th October 2015 to 21st February 2017; 695 placements were created, 79% of which (546) were the result of positive move-on. This demonstrates the level of activity around placements for young people and shows us that 79% of moves for young people were positive. Young people were placed within 11 supported accommodation provider hostels varying from high level support to independent tenancies. The database captures the young person's journey beginning with Children Services supported accommodation and ending with moving to living independently maintaining a tenancy and own accommodation.

Older People - Healthy and Active Partnership (HAP)

The HAP project, run by Age Connects, was initially set up as a pilot project to deliver a service to older people who were socially isolated. The Council was successful in obtaining funds from the Integrated Care Fund (ICF) for the project as an initiative to prevent social isolation. HAP is a volunteer model of service with an emphasis on maintaining people's independence and resilience, and as a preventative measure in preventing deterioration in their health and well-being. The project aims to support people in accessing community based activities which meet their interests and desired outcomes.

The HAP project has built up a considerable volunteer base with volunteers working with a number of older people. The total number of volunteers involved in the project was 211; with 57 additional volunteers recruited during 2016/17. The gender mix of volunteers as at the end of the financial year was 80% female and 20% male. The volunteers provide a range of services including befriending (80%), building / promoting community links (15%) and project support (5%).

HAP is also involved in the Locality Based Working Project led by Communities, please see page 51 for further information. ICF has renewed its financial contribution to the project for 2017/18. The funding will be used to continue the work of the provider organisation (Age Connects) in developing and establishing a volunteer peer support scheme and a 'buddy' system with individual older people meeting together and pursuing activities together.

A key outcome from the project is a decrease in the number of older people who enter statutory health and care services. The pilot is preventative in nature and therefore the efficacy of the project will be demonstrated by the effect it has on loneliness and isolation of the users of the service. A specific measurement tool is being used to monitor the work, the 'Campaign to End Loneliness' Measurement tool.

Older People – Extra Care

Extra Care combines the philosophy of care alongside housing related support services within a housing environment. The service aims to provide a person centred and planned approach to the provision of care and housing related support to the tenants of the scheme. The support provided is commissioned in order to enable and assist people to live in their own accommodation within the Extra Care schemes, and in maintaining and promoting their independence in order to achieve a good quality of life and to provide support to carers.



The two schemes in Cardiff are located in the North and West of the City. Both schemes are purpose-built accommodation, for older people, older people with dementia or early memory loss and people with physical and sensory impairments who are unable (or likely to become unable) to continue living independently in their current home. The service provides effective support in order to prevent unnecessary hospital admissions and to prevent or delay care home placements. It is recognised by the Directorate that additional and new extra care housing would significantly enhance our capacity to support older people's greater independence and this will form a central part of a new Older People's Housing Strategy with effect from 2017/18.

Mental Health – Supported Living

Adult Services currently commissions, through a range of providers, specialist 24 hour residential support and rehabilitation for 28 adults with mental health issues between the ages of 18-64. The services help adults with mental health issues to improve their lives in a secure environment, with the aim of supporting them towards independence.

Mental Health – Floating Support

The primary objective of the scheme is to provide a better quality of life to adults with mental health issues by assisting people in stepping down from residential care / support settings to live independently in their own homes. Cardiff Council currently has 10 people on the commissioned scheme that provides individualised intensive packages of support 7 days a week.

What are our priorities for next year and why?

- Review and revise Support Services to Care Leavers by March 2018 in order to improve service effectiveness and outcomes for young people.
- Review the Supported Living commissioning process for Adults with mental health issues by March 2018, to maximise the individual's care pathway to independent living, by improving the quality of recovery in a safe and supportive environment.
- Review of Internal Supported Living for Learning Disabilities for people with Learning Disabilities by March 2018 in order to maximise people's independence.



HOW WE DO WHAT WE DO

10. OUR WORKFORCE AND HOW WE SUPPORT THEIR PROFESSIONAL ROLES

Outcomes achieved:

- ✓ 1,183 staff trained to support implementation of the Social Services and Well-being (Wales) Act 2014.
- ✓ Establishment of the Regional Workforce Partnership.
- ✓ Improved service delivery by supporting staff to be better equipped to carry out their roles:
 - 6 seconded staff were on the Social Work degree course during the year.
 - 21 staff were supported to follow the Continuing Professional Education and Learning (CPEL) pathway during the year.

Complete roll out of the second phase of a specialist training programme to support local implementation of the Social Services and Well-being (Wales) Act 2014 by March 2017 to support staff to be compliant with new legislation

The Social Services and Well-being (Wales) Act 2014 (SSWB Act) has introduced significant changes to the way social care is delivered in Wales and the Directorate is currently undergoing a period of significant cultural change following implementation of the Act on 6th April 2016. A regional co-ordinator for Sustainable Social Services has been appointed to co-ordinate the work required to transition these changes into business as usual. During the year a total of 1,183 attendees across Cardiff and the Vale have received (SSWB Act) training at an appropriate level. Changes in practice due to the implementation of the Act are becoming evident across teams in the region, however it is a long process and it is too soon to measure the impact of these changes. Early indications are encouraging with practitioners reporting that a more engaged way of working has improved relationships and enhanced understanding. The implementation of the Signs of Safety approach is also starting to have a positive impact.

Strengths-based practice training has commenced. Strengths-based practice for adults is a collaborative process between the person being supported by services and those supporting them, allowing them to work together to determine an outcome that draws on the person's strengths and assets. As such, it concerns itself principally with the quality of the relationship that develops between those providing and those being supported, as well as the elements that the person seeking support brings to the process. Working in a collaborative way it promotes the opportunity for individuals to be co-producers of services and support rather than solely consumers of those services. The term 'strength' refers to different elements that help or enable the individual to deal with challenges in life in general and in meeting their needs and achieving their desired outcomes in particular. These elements include:



- Their personal resources, abilities, skills, knowledge, potential, etc.
- Their social network and its resources, abilities, skills, etc.
- Community resources, also known as ‘social capital’ and/or ‘universal resources’.

The objective of the strengths-based approach is to protect the individual’s independence, resilience, ability to make choices and well-being. Supporting the person’s strengths can help address needs (whether or not they are eligible) for support in a way that allows the person to lead, and be in control of, an ordinary and independent day-to-day life as much as possible. It may also help delay the development of further needs.

The impact of this is yet to be measured and evaluated as it is too soon to do so. Plans are in place to do this at the appropriate time. Some impact can already be seen from the reported success of the training in equipping practitioners in their engagement and conversations with citizens and families.

Discussions between Higher Institutes of Education via Programme Management Committees and regional Training Department representatives commenced last year and are ongoing to ensure that the Act itself and the underpinning values are embedded into the undergraduate and masters social work degree courses. The Care Council for Wales’s First Three Years in Practice Framework has been launched in Cardiff with SSWB Act training forming part of the training programme for newly qualified Social Workers (NQSWs). Feedback on the programme this year has been very positive with NQSWs reporting enhanced learning following on from their social work degree courses. Commissioned trainers are required to ensure that the SSWB Act is fully embedded into the content of their training and all training material. Training Officers monitor and review this.

Managers are aware of the links between the SSWB Act and the Well-being of Future Generations Act 2015 and relevant issues are fed back to staff via team meetings.

Embed the Regional Workforce Partnership and agree a sector-wide Workforce Strategy 2017-2020 to meet statutory requirements by March 2017

The work undertaken on the Regional Workforce Development website has been well received by partners and it is expected that when it is launched in 2017/18, it will strengthen communication across the sector and promote the social care profession to those who are considering it as a career change.

Strategic regional social care priorities have been agreed by the Regional Workforce Board and Cardiff and the Vale of Glamorgan Councils have approved a recommendation to merge their respective Social Services Training and Development Teams into a single Regional Social Care Workforce Development Unit. A regional celebration event hosted by Cardiff and Vale College is planned for 2017/18 to recognise the significant number of care workers achieving qualifications.

Now that robust regional partnership arrangements are in place, the challenge for partner agencies will be to ensure that implementation of the Board’s priorities is effective in promoting cultural change amongst the workforce and enabling a large cohort of employees to meet the requirements of the Regulation and Inspection of Social Care (Wales) Act 2016 over the next 3 years.



Develop a Social Services Workforce Strategy by March 2017 to improve workforce planning, recruitment, retention and staff learning and development

A Social Services Workforce Strategy that aims to improve the lives of the people in need of care and support in Cardiff and to keep them safe is currently being developed. This can only be delivered by:

- Having a confident, competent and highly-skilled workforce.
- Having a workforce that understands each other's responsibilities and works together to deliver relevant, responsive and high quality services.

A key element of this is to improve the effectiveness of our recruitment of permanent social work staff across all teams, and to strengthen the Council's ability to retain a high quality, experienced social care workforce.

The strategy will set out:

- Our commitment to our workforce, ensuring we recruit and retain suitably qualified and experienced staff, and that staff have the support, information and skills they need. It will provide the strategic framework for progressing our priorities for developing the Social Services workforce over the next 3 years.
- Our framework of priorities to create a culture that supports and enables **a flexible, skilled, motivated and diverse workforce**. It will recognise the valuable contribution employees make in delivering our services and will be shaped by the aims, vision and values of the City of Cardiff Council and the key priorities are **Workforce Planning, Recruitment, Staff Learning and Development and Retention**.

During the year, the Children's Services Workforce Development Strategy Group has been positively engaged in work to develop a Social Worker Traineeship. This scheme will be implemented in September 2017 when it will offer 2 Traineeship opportunities within the Directorate. This is expected to raise the profile of Social Workers across the Council and provide opportunities for employees in other Directorates to learn about the role of Social Workers and take up an opportunity to be considered for formal training at the end, as well as enhancing current opportunities to grow our own Social Workers.

Performance Update

- *Percentage of Personal Performance and Development Plans initiated within required timescale*
Performance declined slightly to 92% from 97% in 2015/16 but the 90% target was met.
- *Percentage of Personal Performance and Development Half Yearly Reviews completed within required timescale*
Performance improved to 92% from 86% in 2015/16.
A consistent message regarding the importance of the Personal Performance and Development Reviews has been given by senior managers throughout the year and has had a positive impact on performance. The process has been reviewed corporately, and a new approach will be implemented for 2017/18.
- *Average full time equivalent sickness days lost per member of staff*
2016/17 = 16.95.

Performance has declined from 14.12 in 2015/16.

Children's Services sickness was reviewed during the year for the categories where there was the most growth in Quarter 2 (back problems, genito-urinary and neurological) and it was determined that all appeared to be inescapable absences.

The particular challenge in relation to sickness in Adult Services is the risk of contracting diarrhoea and vomiting (D&V) due to the delivery of personal care by Home and Day Care services. Public Health policy stipulates that employees must be off for 72 hours following D&V and a local policy will be developed to ensure that the Council adheres to this guidance.

Managers have been trained in undertaking Stress Risk Assessments with staff and these are now being undertaken across the Directorate as required.

Put processes in place by March 2017 to support the health and well-being of the Social Services workforce

A number of initiatives have taken place during the year, including:

- Review of staff supervision procedures.
- Implementation of team briefings in the context of agile / mobile working.
- 'Meet the Management Team' staff events.
- Training for managers regarding Stress Risk Assessments.
- Flexi time rolled out across the Directorate in line with the Council's Work Life Balance policy.
- Employee roadshows.

The Council has an Employee Health and Well-being Strategy, 2016–19, covering Physical Health and Well-being, Mental Health and Well-being, money, nutrition, physical activity and exercise and work / life balance. A working group with representatives from Social Services is working towards a corporate Health Standard.

The Social Services Directorate have appointed 7 Health and Well-being Champions who champion a range of Health and Well-being support initiatives including support for mental health through the Time to Talk Wales Sub Group. This Group is attended by a Social Services Health and Well-being champion representing Mental Health Services. The Council has also signed the 'Time to Change Wales' pledge. 'Time to Change Wales' is the first national campaign to end the stigma and discrimination faced by people with mental health problems.

During 2016/17, awareness and training in relation to staff Stress Risk Assessments was actioned and monitored by the Social Services Health and Safety Officer Working Group.

Caseloads in Children's Services continue to be monitored and are routinely reviewed by management. Particular focus is given to workload when a Social Worker's caseload exceeds 20 - these are reviewed to ensure appropriate and safe allocation. Average Social Worker caseloads at 31st March 2017 were 16.7, compared with 17.9 at 31st March 2016. Maintaining manageable caseloads is a precondition for the implementation of 'Signs of Safety' our new strategic approach to practice in Children's Services. A growth bid to secure a number of new full time social work posts was successful and arrangements to establish and recruit to the new posts are underway.



In Adult Services average caseloads are no longer an accurate indicator of the workloads of case managers because of changes in the way cases are allocated. The introduction of review workers across service areas has meant that the majority of citizens in need of care and support no longer have a specific named worker and that case managers are increasingly unlikely to continually work with the same people. An average caseload figure would fail to capture the large number of citizens in need of care and support that no longer have a named case manager. Individual caseloads are monitored by Team Managers during regular staff supervisions and personal reviews.

Implement the Agile / Mobile Working Strategy across Social Services by March 2017 to effectively mobilise the Social Services workforce

The Agile Mobile Working project was completed during the year and has mobilised around 640 Social Services staff. The teams mobilised include Intake and Assessment, Children in Need, Looked After Children, Safeguarding Service, Youth Offending Service, Fostering Service, Family Intervention Support Service, Emergency Duty Team, Adult Assessment' Home Care Service, Mental Health Services Older People, Occupational Therapy, Substance Misuse, Review, Personal Adviser Service, Learning Disabilities Team. The mobilisation of the Mental Health teams at the end of March 2017 completed the roll out of Agile Mobile Working for Social Services.

The critical success factors of the project have been the ability to vacate / relocate staff and close buildings. This (along with the associated benefits including reduced carbon footprint and reduced telephony costs) should be viewed as the primary benefit of agile working at present. Other cashable benefits, such as reduced mileage, printing and storage, will likely be small and take a longer time to realise. The softer benefits, such as productivity, work / life balance and managing demand, are more difficult to measure but we are confident that the significant increase in demand on the service could not have been absorbed without the benefits of agile mobile working. The qualitative information, such as feedback directly from staff or through the survey, has been particularly informative and is highly significant for retention. Feedback from end users has provided valuable insight into the benefits and issues with agile working. Positive feedback from a staff survey included: *"More time to complete recordings and paperwork = less stress"* and *"This has definitely had an effect on people's health and well-being which in turn increases productivity and performance"*.

As an organisation we have invested a considerable amount to achieve new ways of working. What we need to do now is empower our staff to work where, when and how they choose (provided business needs are met), offering maximum flexibility and minimum constraints. This will optimise their performance and deliver best value and customer service. The new technology enables people to work in ways which best suit their needs, without the traditional limitations of where and when tasks must be performed. Work needs to be seen as an activity we do, rather than a place we go. The new and exciting tools provided will help us work in different ways, to meet customer needs, reduce costs, increase productivity and improve sustainability.

Develop and implement an integrated Social Services Business Unit by March 2017

The Directorate's business functions have benefitted significantly from the merger of previously separate children's and adults functions, bringing additional efficiencies to bear and enabling a more effective deployment of support.



An independent review of complaints and access to records processes has been undertaken and confirmed that the local authority is compliant with Welsh Government guidance. The report highlights what works well, outlines areas for improvement and makes recommendations regarding action required to improve the quality and efficiency of the complaints process across the Directorate. These actions will be taken forward in 2017/18.

Improve recruitment and retention of Children’s Social Workers, ensuring the Council achieves and maintains a vacancy rate below 18% by March 2017 to raise standards and drive the quality and competency levels of staff through effective workforce development in order to enable those with care and support needs to achieve what matters to them

As a result of work to improve recruitment and retention, a more stable workforce across the service is emerging and except where essential maternity cover is required, there is less reliability on agency staff. The vacancy rate has increased slightly during the year to 23.5% (from 22.2% for 2015/16, primarily due to internal promotions and transfers - there are some good examples of staff achieving promotional appointments, thereby supporting career development and staff retention. The message from the most recent recruitment drive is that Cardiff Children’s Services is starting to be seen as a good place to work. A new recruitment programme will be launched early in 2017/18 to continue the process of filling existing vacancies. An agreement remains in place that when all vacancies have been filled, Children’s Services will continue to recruit to a “pool” of additional Social Workers. This will enable the service to maintain consistency of service provision and caseloads whilst managing healthy staff turnover without needing to rely on expensive agency Social Workers.

Performance Update

- *Percentage of social work vacancies in all teams*
2016/17 = 23.5%
Vacancies increased slightly to 23.5% from 22.2% in 2015/16.

Regional Training Developments for Cardiff and the Vale of Glamorgan

In Cardiff, over 450 courses were offered in the first 10 months of the financial year, the number of places offered totalled 6,500 and 77% of places were taken up. These figures demonstrate the commitment of staff across the region in the statutory and third sector to their own Continuing Professional Development and the demand for meaningful and effective training to be provided.

The Training Unit ensures that all courses incorporate the aims and values of the Social Services and Well-being (Wales) Act 2014 (SSWB Act). New models of emerging good practice that have been developed and become a part of everyday processes are key to ensuring that the SSWB Act is used in a meaningful and practical way in day to day work. For example, the SSWB Act very much ‘fits’ with the models rolled out in the first half of the year, including Cardiff’s Signs of Safety, Better Conversations and extensive Dementia Training.

During 2016 Care Council for Wales modules have been delivered to groups of staff throughout the region. An extensive training program was, and will continue to be, offered and includes such training as Sibling Attachment, Human Trafficking, Building Resilience in Young People, Deprivation of Liberty Safeguards, Mental Health Awareness and Risk Analysis.



Health and Social Care Safeguarding Training

Within the Regional Workforce Partnership with the Vale of Glamorgan we take every opportunity to promote the necessity at undertaking Safeguarding training. This is mandatory for Social Services staff and we also make this available free of charge to independent, third sector and voluntary agencies. Regular invitations are sent to all partner agencies. Two types of training are undertaken, face to face and by e-learning packages. Steps are being taken to ensure the mandatory requirement is being adhered to. A total of 1,050 training places were held regarding Safeguarding during 2016/17.

What are our priorities for next year and why ?

- Review Directorate posts by March 2018 to support a coherently aligned Social Services workforce career path to ensure compliance with Care Council for Wales standards.
- Improve recruitment and retention of Children's Social Workers, ensuring the Council achieves and maintains a vacancy rate below 18% by March 2018 to raise standards and drive the quality and competency levels of staff through effective workforce development in order to enable those with care and support needs to achieve what matters to them.



11. OUR FINANCIAL RESOURCES AND HOW WE PLAN FOR THE FUTURE

Outcomes achieved:

- ✓ 16 looked after children were returned to Cardiff with an estimated cost saving of £1.1 million.
- ✓ Review of all Adult Services commissioned spend undertaken which resulted in £1 million savings.
- ✓ £4.939 million savings achieved by Social Services overall.

Achieve 2016/17 savings proposals and develop the medium term financial plan by March 2017 to identify 2017/18 savings proposals

The 2016/17 outturn for Social Services reported a £6.745m overspend against a budget of £146.285m. This reflects a saving shortfall of £2.614m against a combined £7.553m target for 2016/17 and 2015/16 for Children's and Adult Services. This context notwithstanding, the Directorate achieved £4.939m savings during the year.

In Children's Services, the overspend (£4.277m) reflects a savings shortfall of £3.487m plus significant projected cost growth (£1.4m) in relation to external fostering. Fostering placements increased by 47 during the financial year, a reflection of the growth in the number of looked after children (+81) in the same period. There has also been net cost growth in relation to new residential placements. The outturn also included overspends in support costs for care leavers and in external legal costs. The ongoing use of agency staff continued to impact on staffing budgets in certain areas such as safeguarding and leaving care although the total number of agency staff engaged by the outturn had been reduced. This is evidence that the measures put in place to tackle agency costs are taking effect and provides a basis for confidence over the forthcoming year.

In Adult Services, the overspend (£2.468m) reflects a savings shortfall of £1.147m but also a significant overspend in commissioned services for older people. This includes significant growth in the number of domiciliary care hours delivered (+9%) during the year and inflationary increases in relation to the price of a nursing bed (+10). Similar domiciliary care pressures are evident in physical disability commissioning budgets. There were however, offsetting underspends in mental health services, reflecting lower than anticipated commitments against Deprivation of Liberty Safeguards (DOLs) budgets and residential care. There were also significant savings across staffing budgets due to vacancies. Savings made in relation to learning disability commissioning budgets reflect the growing significance of health needs in the user population and the concomitant growth in the contribution from the University Health Board's Continuing Health Care (CHC) fund.

The Directorate worked closely with key Finance partners in the second half of the year to develop a new 5-10 year Integrated Service and Financial Strategy for Social Services. The first two iterations of our analysis of population and spend projections focused on children and adults respectively and were presented for discussion with Cabinet as a work in progress and this analysis contributed to the Welsh Local Government Association's (WLGA) overview of pressures across



Social Services in Wales. A third and final report will draw these into an overall strategy and identify costed options to enable decision makers to resolve a model for financial sustainability for Social Services in the future.

A central element of the reforms we need to make, relates to social work assessment practice. We know that our traditional approach has tended to focus on people's deficits and risks when assessing needs and developing individual care plans. We also know that this often tends to erode personal independence rather than promote it and this in turn entails the over-provision of services too often. In order to focus on an assets-based approach that promotes independence, we intend to re-shape our model of social work in Adult Services by drawing on the lessons being learned in our implementation of 'Signs of Safety' in Children's Services. The Director is in active dialogue with colleagues in another city, to explore the potential for a partnership in the development of a new model for social work with adults.

In order to ensure that the new Integrated Service and Financial Strategy benefits from UK wide best practice in optimising financial sustainability, the Director has engaged the Institute of Public Care and Professor John Bolton as a development partner with the support of the WLGA.

Develop and implement a strategic approach to commissioning for the Directorate by March 2017 to achieve value for money and better outcomes for people

As part of the requirement set out in Part 9 of the Social Services and Well-being (Wales) Act 2014 (SSWB Act), Regional Partnership Boards are required to establish pooled funds in relation to the care home accommodation functions by April 2018. As part of the wider joint commissioning work, Local Health Boards and local authorities are expected to:

- Undertake a Population Needs Assessment and market analysis to include the needs of self-funders.
- Agree an appropriate Integrated Market Position Statement and Commissioning Strategy.
- Agree a common contract and specification.
- Develop an integrated approach to agreeing fees with providers.
- Develop an integrated approach to quality assurance.
- Adopt transparent use of resources.

The Cardiff and Vale of Glamorgan Regional Partnership Board has established a joint commissioning project to develop this work as part of the whole system redesign. The following work has been undertaken to ensure Cardiff Council meets the requirements of the SSWB Act to establish a Regional Partnership Board (RPB) and work to integrate health and social care:

- Appointment of a Chair and agreed membership of the Board.
- Agreed terms of reference and governance arrangements.
- Workshops, focusing on member induction and locality working.
- Analysis of existing work streams and projects and agreement on future priorities.
- Completion of the Population Needs Assessment (PNA).

The Joint Commissioning Project Board is continuing to develop the baseline to inform a Cardiff and Vale of Glamorgan Integrated Market Position Statement for Older People. The mapping of



Older People Services has now been completed and a draft Joint Regional Statement of Strategic Intent for Older People Services has been developed for further discussions with stakeholders.

A pooled budget workshop took place between Cardiff Council, Vale of Glamorgan Council and Cardiff and Vale University Health Board to consider the model agreement developed by Gwent and the issues the Partnership will need to consider in relation to establishing a pooled budget for care accommodation by April 2018.

The Population Needs Assessment required under the SSWB Act was completed and was submitted to the Minister for Social Services and Public Health by the 31st March 2017.

Optimise opportunities for working collaboratively across the region and more widely where there is potential to deliver more effective services during the 2016/17 financial year

Good engagement with partner agencies played an increasingly important role across a number of areas including:

- Statutory partners' agreement to establish and fund a combined Safeguarding Business Unit to facilitate the Regional Adult and Children Safeguarding Boards' agendas.
- Co-location of Mental Health Services for Older People with the Vale of Glamorgan Council and Cardiff and Vale University Health Board.
- Be a Care Worker Campaign.
- The establishment of a Regional Social Care Workforce Development Board.
- The development of a Regional Social Care Workforce Training Unit.
- The regional re-commissioning of Advocacy Services.
- An active programme of work to enable the establishment of Pooled Budgets.
- The development of a Regional Statement of Strategic Intent for Integrated Older People's Services.

Develop a Quality Assurance Framework for Social Services to bring together the quality assurance and learning elements of key activities in the Directorate by March 2017

A Children's Services Quality Assurance (QA) Framework was developed recruitment to the Quality Assurance Officer post is underway, at the time of writing Case management audits continued throughout the year and identified the following themes:

- Evidence of good multi agency working in Child Health and Disability and Fostering teams.
- Good use of the Safe Care Policy.
- Visits need to be undertaken and recorded in a more timely way.
- Chronologies need to be kept up to date.

Themes emerging from complaints are also considered on a quarterly basis and presented to the Corporate Parenting Advisory Committee. Work on training to address themes and improve practice will be taken forward once the Quality Assurance Officer is in post.

The Directorate now needs to embed the new post and using the Children's Services QA framework, commence the development a parallel model for Adult Services implementation.



Benchmark service performance with core cities, or relevant benchmark organisations, by March 2017 in order to drive better outcomes for citizens, businesses and visitors

Inspired by the good work of Monmouthshire's Raglan Project and in cooperation with that authority, we have developed a locality model of domiciliary support for people with dementia, whereby a dedicated team of staff will care for a cohort of our clients within a specific locality. We are currently working with a provider to get the service underway.

The central consideration of much of our strategic and development work concerns the Social Services and Well-being (Wales) Act 2014, which came into force in April 2016. We are active members of the following national Association of Directors of Social Services Cymru (ADSSC) work-streams for benchmarking and comparing practice.

- New Models of Service group, which explores models of working relating to various aspects of the Act, including commissioning, early intervention and new models of delivery.
- New Approaches to Practice group, exploring areas such as such as advocacy, assessment, eligibility, care planning and information, advice and assistance (IAA).
- Business Intelligence Group, which considers issues relating to performance measurement and data recording. A considerable amount of work has been undertaken by the Performance Sub Group to agree a national interpretation of the guidance for All Wales performance indicators and reports. Work undertaken will be reflected in the development of reporting mechanisms from the Welsh Community Care Information System (WCCIS).

In November 2016 a detailed report was produced for the Adult Services Scrutiny Committee, analysing Cardiff's domiciliary care provision against that of the English Core Cities, as well as other Welsh authorities. This will inform the future commissioning and development of our domiciliary service. Key messages from the report were:

- The Council aims to promote quality in domiciliary care services by having 50% of the criteria used to award packages of care based on assessment of the quality of providers.
- Cardiff has a diverse domiciliary care provider sector. There are currently 63 domiciliary care providers registered on our Approved Provider List; this compares to 39 providers who were on the list when it first became active in November 2014.
- The "Sproc.net" care service purchasing system has demonstrated a number of benefits, including transparent allocation of work, efficiency and timeliness in setting up package, an emphasis on quality, reduced internal costs for the Council and achieving an increase in the number of providers.
- Cardiff Council has recognised that local authorities cannot rely on the system to generate capacity on its own and that there must be parallel market development and engagement with providers to shape and manage the market.
- Capacity and sustainability in the market remains a concern for Cardiff and the local authority will need to continue to look at ways of developing new ways of working to increase capacity.
- The Domiciliary Care Providers Forum meets quarterly with the Council to discuss issues concerning the market, to look at best practice and, through working in partnership, to drive the continual improvement of quality in the sector.



- The Council is working to promote the positive aspects of the role of the paid care worker to try and increase interest in the sector and draw new people into the Care sector to work.

The data for the national survey element of the new Social Services Performance Measures was submitted by the required deadline of 31st March 2017. This saw 1,350 questionnaires distributed, and when the national results are published later in 2017/18 this will allow us to compare our qualitative service data against all other Welsh authorities.

Establish an Improvement Board to deliver the improvement plan for Adult Services by March 2017

At the time of writing, governance arrangements in relation to overall Social Services strategic development are being reviewed to ensure more effective alignment with the Council's Organisational Development Programme, and the emergent Integrated Service and Financial Strategy.

The Adult Services Improvement Board served an effective purpose in facilitating strategic analysis and overall improvement with evident progress achieved in relation to all of the external consultant's original 2015 recommendations. Performance, quality, longer term strategic thinking, financial planning and partnership are all in a substantially better position. Given this and the embedding of progress in a new Social Services function, the Directorate is in the process of 're-casting' its approach to strategic development under the auspices of a new 'Social Services Futures' Programme. In collaboration with Organisational Development colleagues, this programme will re-focus on strategic development, particularly in response to the priorities of the Social Services and Well-being (Wales) Act 2014 (e.g. integration, citizen engagement and prevention) and over the longer term i.e. 2017-2027. Of particular significance will be the development of an Integrated Service and Financial Strategy for 2017-2022/27.

The Cardiff and Vale of Glamorgan Regional Partnership Board has established a joint commissioning project.

Undertake a campaign in 2016 with Private Sector Domiciliary Agencies to attract more employees into the social care sector to increase capacity and improve quality

The Directorate's Communication and Media Activity Programme Plan for the 'Be a Care Worker Campaign' is currently ongoing and aims to encourage more people to apply for carer roles in the private and public sector. The 'Be a Care Worker Campaign' social media launch started during November 2016 and continued with a steady stream of messages until late March 2017. It consisted of Facebook boosted adverts and a tie-in with Twitter. The target audience included local residents, third sector, youth workers, community first groups, students / universities and the local press with a known total reach of 2.9 million people. The campaign has been positively perceived across all social media platforms and continues to gain interest amongst Cardiff residents.



What are our priorities for next year and why ?

- Finalise and commence implementation of an Integrated Service and Financial Strategy for 2017-2022/27 in order to ensure a sustainable future for Social Services.
- Embed the QA Framework in Children's Services and adapt for implementation Directorate-wide by March 2019 to ensure that children, families and adults benefit from the highest possible standard of service within resources.
- Recommission Families First Services by March 2018 to maximise the impact on outcomes for children and families.
- Implement a new model of commissioning in relation to domiciliary care by November 2018 in order to rebalance the service offer and improve performance and sustainability.



12. OUR PARTNERSHIP WORKING, POLITICAL AND CORPORATE LEADERSHIP, GOVERNANCE AND ACCOUNTABILITY

Partnership Working

The Directorate has made significant strides in establishing more open and collaborative relationships with strategic partners. Collaborative partnerships are a fundamental pre-requisite for effective services. These include:

- Implementation of an Early Help Strategy.
- Development of 'Not in Our City, Not to Our Children' – Cardiff's highly proactive Child Sexual Exploitation (CSE) Strategy; this also provided the basis for securing growth funding to establish a permanent CSE team.
- Launch of a Multi Agency Safeguarding Hub.
- Establishment of a new Regional Social Care Workforce Board, drawing in partners from academic provider organisations, national and regional domiciliary care providers and health partners.
- Development of regional proposals for establishing a Regional Social Care Workforce Unit by combining resources across the two Councils.
- A newly established Regional Partnership Board, sponsoring an active programme of workshops, strategic development sessions board meetings.
- Development of regional proposals for commissioning advocacy services.
- Co-sponsorship of a pilot Missing People initiative to support dementia sufferers and their families.

The Integrated Health and Social Care (IHSC) Partnership Cardiff provides oversight for the development and delivery of funded programmes for adults through the Integrated Care Fund (ICF). As a result we have been able to establish a range of new services, most of which are delivered collaboratively, to support adults with care and support needs. 3 of these were set up in the previous period and are now demonstrating their effectiveness, including the First Point of Contact, Preventative Interventions and Accommodation Solutions. More recently an ICF funded Discharge to Assess project was established at the end of the year to:

- Enable individuals aged 65+ years to take the opportunity to leave hospital at an earlier stage, with access to an appropriate assessment of need within their own home and improved access to a reablement.
- Reduce the number of delayed transfers of care associated with community assessment / arrangements across Cardiff and the Vale.
- Ensure clarity of referral pathway for patients returning home.



- Avoid the unnecessary placement of individuals into institutional care, thus maximising care home capacity for those who really need it.

Council Values and Priorities

Supporting and protecting people remains one of the Council's 4 top priorities and this is reflected in the continued and direct support provided to Social Services during 2016/17. In the context of significant Council wide financial challenges, the Council agreed additional funding for Social Services when setting the 2017/18 budget. A net total of £9.2m, including 59 additional posts, was agreed in response to demographic growth and to support a range of new preventative programmes. Taken together with the Council's other 3 priorities and the refresh of the Council's Core Values, social services provision is seen as playing an essential strategic role in improving outcomes for citizens, families and communities across the city.

The Children and Young People and Community and Adult Services Scrutiny Committees play a significant role in supporting the drive towards improved performance across Social Services. Both Committees have undertaken discrete inquiries in order to strengthen the corporate profile of key challenges that impact on people in need of care and support.

Strengthening Social Services as a Unified Entity

In 2014/15, the Council concluded that it was timely, particularly in light of the Social Services and Well-being (Wales) Act 2014 and to enable better strategic integration, to establish a single Social Services Directorate under a single Director with effect from 2015/16. This was intended to secure a stronger focus on 'whole family' / whole system approaches and on stronger integration with partners, taking advantage of opportunities to share innovations, resources and costs more effectively. Despite the fact that the new Directorate is relatively recent, staff and managers have welcomed and embraced the opportunity to work in a Directorate that is more cohesively aligned to the values and practices that are inherent in a Social Services function and that are reinforced by the Social Services and Well-being (Wales) Act 2014. Informal feedback indicates that staff are eager to be part of a modernized Social Services function and to be part of developing new ways of working with individuals and communities to promote greater independence and reduce unnecessary reliance on services that create dependency.

Wider Development

Given the progress achieved since 2013 in children's social services, it was agreed that the Children Services Improvement Board, established in 2014 could be stood down at the end of 2015/16 and the improvement agenda is now integrated on a 'business as usual' basis.

This allowed us to turn our attention to the creation of a wholly different and city wide approach to supporting children and families on a universal basis rather than the more narrow and inward focus on the statutory service alone. Together with senior partners and chaired by the Chief Executive, a new board was established during late 2015/16 with the aim of promoting prevention and early help so that in all settings where children are growing up – local communities and hubs, schools, playgroups and cultural or sports settings - we act in concert to help them thrive and develop on the one hand and on the other, that we remove obstacles that might stop them from doing so at the earliest opportunity.



During 2016/17 partners identified a number of priorities to support this shift in strategic focus, including the consideration of establishing a Children's Zone; deploying an approach in all settings that is shaped by the Adverse Childhood Experiences (ACE) research; and refocusing existing funded programmes more effectively on prevention. Following on from the Council's commitment to work towards making Cardiff a 'Child Friendly City' we have secured the support of United Nations Educational, Scientific and Cultural Organisation (UNESCO) as one of only 3 'Child's Rights Partners' across the UK. This programme of work, led by Education, will play a significant role in promoting this new strategic approach with partners and will enable us to underpin it effectively with a strong children's rights and participation agenda.

An Adult Services Improvement Board similar to the Children's Services predecessor was established in the autumn of 2015, again chaired by the Chief Executive. The Director and the Board were supported in their improvement agenda by an independent 'diagnostic' that was undertaken by a Welsh Local Government Association (WLGA) associate and presented to the Community and Adult Services Scrutiny Committee and to the Council's Challenge Forum. This enabled the development of an improvement plan that focused on the key ingredients of success and included the Social Services and Well-being (Wales) Act 2014, the overall structure for the new Directorate, Integration, Commissioning, Performance and Budget. As with Children's Services, this approach worked well in accelerating and supporting a programme of work to secure improved operational effectiveness and overall managerial grip. The Council's Organisational Development Programme played a significant role in facilitating key changes around Direct Payments, First Point of Contact and commissioning. The Directorate was able, as result of these programmes, to put adult social care on a much sounder footing, led by the Assistant Director and her new management team.

As with all Directorates, Social Services was subject to performance challenge at regular 'Star Chamber' meetings consisting of the Cabinet and relevant Directors.

Staff Engagement

A key factor for the successful development of new ways of delivering services to the community is the active engagement of staff. In addition to our group of employee ambassadors, we have engaged staff in Adult Services in a series of opportunities to meet with the Director of Social Services and the Assistant Director of Adult Services. Although these went some way to enable the Directorate to open up new avenues for dialogue we recognise that we need to increase the frequency and reach of these sessions and to develop other ways to facilitate more dialogue.

In Children's Services the main vehicle for engaging staff has been the major strategic push around implementation of 'Signs of Safety' which has relied heavily on close consultation across the service involving all layers of the Directorate, dedicating significant workshop-based time and additional staff training and development. In 2017/18 we will need to focus on more cross Directorate engagement.

Corporate Parenting Advisory Committee (CPAC)

Corporate Parenting is the term used to describe the responsibility of local authorities to provide the best possible services and support to looked after children and young people. The role of corporate parent is to seek for children who are looked after by Cardiff Council the outcomes that



every good parent would want for their own child. The role of CPAC is to oversee the effective implementation of Cardiff Council's Corporate Parenting Strategy to seek to ensure that the life chances of looked after children, children in need and care leavers are maximised in terms of health, educational attainment, and access to training and employment, in order to aid the transition to a secure and productive adulthood.

Examples of work undertaken by CPAC during 2016/17 include:

- Endorsed the recommendation for 2 young people replace the representative from the commissioned advocacy service as regular advisors, and for a representative from the University Health Board to supplement existing advisors.
- Undertook visits to an out of area children's home, Targeted Services teams within Children's Services, Rumney Primary School and the Youth Offending Service.
- Received a presentation from the Traineeship Scheme Co-ordinator and 2 young people who gave an account of their experience of the scheme. In response to the request of young people, the scheme has been rebranded to remove the words 'Looked After Children' from the title, and an online launch and app were planned.
- Received quality of care reports in relation to Crosslands children's home (the only children's home directly delivered by Cardiff Council. No significant issues were raised during the year and the Committee sent a letter to staff at the home to acknowledge the good work being done.
- Received reports on inspections, children's home quality of care visits, performance, complaints, out of area placements, Independent Reviewing Service, Regional Adoption Service, Education and Advocacy.

Please see page 44 for further information.

Social Services and Well-being (Wales) Act 2014 (SSWB Act)

Good regional governance and project management arrangements were in place to maximise readiness for the SSWB Act in April 2016. These have built on the pre-existing arrangements established to promote health and social care integration. As a result of this context and the genuine commitment of staff and managers to new ways of working in response to the SSWB Act, we were able to make significant strides in Act implementation in the following key areas.

- Establishing an effective Information, Advice and Assistance model.
- Establishing Dewis as the main information access platform.
- Working to ensure effective liaison with Cardiff Prison around the needs of those passing through the secure estate.
- Strengthening adult safeguarding, principally by a refresh of the Regional Adult Safeguarding Board.
- The launch of a new Regional Social Care Workforce Board.
- The delivery of a Population Needs Assessment.
- Preparation of new SSWB Act related qualitative surveys issued to 2,678 citizens.
- New assessment and care management tool.
- SSWB Act related training delivered to 1,183 attendees across Cardiff and the Vale of Glamorgan.



Corporate Safeguarding Board

The Corporate Safeguarding Board was established in March 2015 and includes senior representation from all Directorates to ensure that all public facing services integrate safeguarding awareness into their operations. The Board is not concerned with operational practice in Social Services or schools but aims to promote effective cross Directorate safeguarding practice particularly in terms of information sharing and data collection, front-line operational awareness, staff training and the vetting and barring of staff who have significant or unsupervised contact with vulnerable adults or children.

The 2016/17 work programme focused on implementation of the proposals listed below. Work did not progress as effectively as the committee hoped, but the arrival of a new Operational Manager for Safeguarding and her more effective and active leadership is already accelerating the committee's agenda; it is expected that 2017/18 will see more tangible progress. A separate Annual Report of the work of this Board is due for consideration by Cabinet.

2016/17 Work Programme

- Disclosure and Barring Service (DBS) checks - authorisation and implementation of the requirement to ensure that all staff who are legally required to be checked will be checked, that those checks are only carried out according to the DBS check criteria, and requirements for checks on School Governors.
- Training – development of e-learning, a DVD and training for Members.
- Performance monitoring – implementation of a set of performance indicators and an information return.
- Communication and engagement – to ensure that all employees of the Council will understand their responsibility and what is required of them.

In 2017/18 the Board will be focusing on:

- Relaunching a new Safeguarding learning e-module for all staff in the authority.
- Providing new Members Safeguarding training.
- Launching a Corporate Safeguarding Policy.
- Staff communication and engagement actions, including briefings to ensure staff recognise their duties to report and are aware of the above policy and training.
- Audit safe employment processes to ensure compliance (e.g. DBS process).



13. ACCESSING FURTHER INFORMATION AND KEY DOCUMENTS

Further information can be obtained from the following sources:

- Page 9 [Care and Social Services Wales Inspection Reports](#)
Page 9 & 33 [Wales Audit Office Review of Delayed Transfers of Care – Cardiff and Vale Health and Social Care Community](#)
Page 29 [Early Help Strategy](#)
Page 70 [Population Needs Assessment report](#)

[Performance Indicator Guidance for 2016/17](#)
[Performance Reports](#)
[Scrutiny Reports](#)
[Corporate Parenting Advisory Committee Reports](#)

My Ref: Scrutiny/Correspondence/MJH

20th July 2017

Councillors Graham Hinchey and Susan Elsmore
Cabinet Members
c/o Room 520
County Hall
Cardiff
CF10 4UW



Dear Graham and Susan

Joint Children & Young People and Community & Adult Services Scrutiny Committee – 19 July 2019

On behalf of the Members of both Committees, I would like to thank Graham and the officers for attending the joint meeting on 19 July 2017. The Committee was sorry to hear that Councillor Elsmore was unable to attend and I hope you returned home safely after the delay.

The Committee welcomed the opportunity to review the Draft Cabinet report prior to its consideration at Cabinet on 27 July 2017. During the way forward section of the meeting the Members considered the information in the report, comments made during the consideration of the briefing, together with answers to their questions, and agreed to provide you both and Officers with the following advice, comments and recommendations for consideration prior to Cabinet approving the report.

Responsibilities of the Director of Social Services

As this was a meeting of the Joint Committee meeting, the Members took the opportunity to assess the effectiveness of the Directors responsibilities. The Members were happy with Directors explanation of his responsibilities, however they did express some surprise that the protocol with the Head of Paid Service (Chief Executive) had not yet been agreed, the Committee requested that it be presented to Committee prior to it being approved by Cabinet.

Annual Report Content

The Joint Committee noted that this was a new format for the Annual Report and felt that it was too long and technical. The Committee supported the Director's concerns on the format and looked forward to hearing the outcome of his discussions around

an amended format for the future. The Committee agreed a number of comments and concerns for consideration for future reports:

- The Committee felt that the report did not clearly reference the challenges that had been so eloquently highlighted by the Director, and asked that next year's version should reference them.
- The Committee also felt that this version would not be easy for the Public or Young People to read and understand. The Committee suggested that an executive summary should be produced, that is more readable for the Public and Young people.
- The Committee stated that the preventative agenda, needs to start as early as possible, before social services becomes involved, as a result the report must reflect the work of other agencies in supporting the preventative actions.
- The Committee was disappointed to hear about the lack of engagement by the third sector in the consultation process, the Members noted the actions that had been taken and suggested that maybe it would help if future engagement could be more creative.
- The Committee expressed some concern around the provision of bilingual services. They noted the difficulties in recruiting Welsh speakers and agreed that the Social Worker advert must be reviewed. The Members requested an analysis of the demand for services across all languages, so that they can further assess the situation.
- The Committee considered that the section numbering was not clear and that sections 5 to 10 and sections 12 to 14 were actually subsections of 4 and 11 and should be listed as such.

Finally the Committee recommended that the report must, in future, include more comparative data so that it clearly highlights progress being made to improve services and support.

Children's Services and Adult Services

The Joint Committees welcomed the opportunity to be briefed on the operation of the Directorate and gain an understanding of the challenges that it faces. The Members also used this information to help identify issues for consideration during the development of their work programme.

The Committee appreciated the Directors analysis of the key challenges faced by the Directorate, being: Demand, Sustainability, Complexity, Workforce, Partnerships and new models of working. This the Members felt would help focus their work programme items.

The Committee also welcomed the Directors explanation of the Signs of Safety model, and noted that the model was already being used by other Local Authorities. The Members recommended that officers should contact those Authorities using the model to learn from their experiences. The Committees also asked for a further briefing on this model in the near future at both Committees.

I hope that the comments, advice and recommendations detailed above will be of use and support in improving outcomes in Social Care. The Joint Committee looks forward to receiving the requested information listed above together with a positive response to this letter within the next month.

To summarise, this letter requires a response as it contains the following recommendations, suggestions and requests for information.

The Committee recommends that:

- A draft copy of the Director of Social Services protocol with the Head of Paid Service be present to Committee, before consideration by Cabinet;
- The Challenges facing the Social Service be clearly highlighted in future Annual reports;
- A public and young person's version be produced;
- That stakeholders involved early year preventative work should be referenced in the report
- That consultation with the third sector needs to be more creative to ensure greater engagement;
- That the rolling advert for social workers need to be reviewed to encourage more welsh speakers to apply;
- Review the section numbering format of the Annual Report; and
- Include more comparative information to show progress.

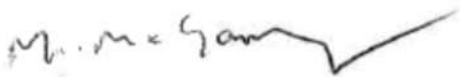
The Committee also requested the provision of additional briefing papers to the Committees namely:

- An analysis of the demand for services by language; and
- A briefing paper on the Signs of Safety model, together with details of how Cardiff has learnt from other Authorities.

Finally the Committees wished to inform you of the following issues that will be included in their work programmes for this year:

- The Challenges faced by the Directorate, demand, Sustainability, Complexity, workforce, partnerships and new models of working; and
- The effectiveness of the Signs of Safety model in improving outcomes for vulnerable people.

Yours sincerely,



COUNTY COUNCILLOR MARY M^CGARRY
Chairperson – joint meeting of the Children & Young People and Community & Adult Services Scrutiny Committees

Cc: Tony Young Director of Social Services
Amanda Phillips Assistant Director Adult Social Services
Irfan Alam Assistant Director Children’s Social Services
Kim Brown Service Manager, Policy & Performance
Jo Watkins Cabinet Business Manager
Members of the Children & Young People and Community & Adult Services
Scrutiny Committees

**CYNGOR CAERDYDD
CARDIFF COUNCIL**



COUNCIL:

28 SEPTEMBER 2017

REPORT OF DIRECTOR GOVERNANCE & LEGAL SERVICES

APPOINTMENT OF LOCAL AUTHORITY GOVERNORS TO SCHOOL GOVERNING BODIES

Reason for this Report

1. To appoint Local Authority School Governors.

Background

2. Section 19 of the Education Act 2002 creates the general ability for the Local Authority to appoint governors to the Governing Bodies of maintained schools, with further detail contained in the Government of Maintained Schools (Wales) Regulations 2005. When Local Authority school governor vacancies arise, either by appointees reaching the end of their term of office or resigning, it is the statutory duty of the Council to fill the vacancies as soon as possible.
3. The Local Authority Governors Panel to oversee this process was constituted at the Annual Council in May 2015 and held its first termly meeting in September 2015.

Issues

4. The Local Authority Governors Panel met on 19 September 2017 to consider new applications to current and future vacancies up to 31 January 2018. The recommendations of the Panel are contained in Appendix 1 to this report.

Reasons for Recommendations

5. To ensure that the Council fulfils its statutory functions in respect of the appointment of local authority governors for maintained schools.

Legal Implications

6. As noted in paragraph 2 of the report, the Council is required, pursuant to the Education Act 2002, section 19 and regulations made there under, to appoint local authority governors to the Governing Bodies of maintained schools, in accordance with those statutory provisions.
7. Appointments to outside bodies are a local choice function, which is reserved under the Council's Constitution to full Council. Accordingly, the appointment of local

authority governors to Governing Bodies, as recommended in this report, requires the approval of full Council.

Financial Implications

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

Recommendation

9. That Council consider the recommendations of the Local Authority Governor Panel of 19 September 2017 and approve the appointments of Local Authority Governors to the School Governing Bodies as set out in Appendix 1.

Davina Fiore
Director Governance & Legal Services
21 September 2017

The following Appendix is attached:

Appendix 1 List of Local Authority School Governor vacancies and recommendations for appointment by the Local Authority Governor Panel for the period 1 October 2017 to 31 January 2018

The following Background Documents have been taken into account: N/A

**LA Governor Vacancies - Recommendations from LA Governor Panel
1 October 2017 – 31 January 2018**

Appendix 1

- i. All appointments in the list are recommended by the LA Governor Appointments Panel and will have satisfied the required application process.
- ii. All terms of office unless otherwise stated are for 4 years.

Existing LA Governor Vacancies

School	Ward	Start of Vacancy	Applications Received
Allensbank Primary School	Gabalfa	18/05/2017	Richard Chappelle
Baden Powell Primary School	Splott	17/09/2016	Mike Smith
Birchgrove Primary School	Heath	14/07/2017	Mike Ash-Edwards
Coryton Primary School	Whitchurch & Tongwynlais	04/05/2017	
Creigiau Primary School	Creigiau	08/10/2016	
Danescourt Primary School 2 x vacancies	Llandaff	01/09/2016 25/07/2017	Leon Goddard
Glan Yr Afon Primary School	Llanrumney	11/07/2017	Lesley Noakes
Glyncoed Primary School	Pentwyn	06/06/2017	Jane Francis
Grangetown Nursery School	Grangetown	02/09/2016	
Herbert Thompson Primary School	Ely	20/01/2017	Derick Mbakwe
Hywel Dda Primary School	Ely	31/03/2017	Andy Jones
Lakeside Primary School	Cyncoed	04/07/2017	Nicholas Barber
Llandaff CiW Primary School	Llandaff	30/05/2017	Philip Barratt
Marlborough Primary School	Pen-y-lan	23/06/2017	
Meadowlane Primary School	Trowbridge	01/09/2016	
Pencaerau Primary School	Caerau	01/09/2010	

School	Ward	Start of Vacancy	Applications Received
Pentrebane Primary School	Fairwater	27/06/2016	
Pentyrch Primary School	Pentyrch	05/05/2017	Cllr Gavin Hill- John
Peter Lea Primary School	Fairwater	27/06/2016	
Radyr Primary School	Radyr	07/08/2017	
Rhiwbeina Primary School x 2 vacancies	Rhiwbina	18/10/2016 23/05/2017	Tom Gallard
Severn Primary School	Riverside	24/03/2017	Hannah Sterritt
St Cuthbert's RC Primary School	Butetown	15/02/2017	
St Fagan's CiW Primary School	Ely	15/07/2017	Claire Hill
St Illtyd's RC High School x 2 vacancies	Rumney	01/09/2016 11/05/2017	Justine Pianowski
St John Lloyd RC Primary School	Trowbridge	30/01/2013	
St Mary The Virgin CiW Primary School	Butetown	22/06/2017	Peter Tully
St Patrick's RC Primary School	Grangetown	16/09/2016	
The Hollies School (Pentwyn)	Pentwyn	26/09/2016	Claire Hardy
Trelai Primary School	Caerau	28/06/2017	Les Maxim
Tremorfa Nursery School	Splott	21/06/2017	
Trowbridge Primary School	Trowbridge	09/03/2017	
Willows High School	Splott	15/09/2016	Camilla Lovelace
Windsor Clive Primary School	Ely	23/03/2016	
Woodlands High School	Caerau	29/09/2016	
Ysgol Gyfun Gymraeg Glantaf	Llandaff North	04/07/2017	Cllr Rhys Taylor
Ysgol Gymraeg Bro Eirwg	Llanrumney	01/02/2017	
Ysgol Gymraeg Melin Gruffydd X 3 vacancies	Whitchurch	04/10/2016 19/02/2017 18/05/2017	
Ysgol Pencae	Llandaff	01/09/2016	
Ysgol Pwll Coch	Canton	17/08/2017	Liam Sullivan

Future LA Governor Vacancies – 1st October 2017 – 31 January 2018

School	Ward	Start of Vacancy	Re-appointment Requested	Applications Received
Bryn Hafod Primary School	Llanrumney	31/01/2018		
Cardiff West Community High School – 5 x vacancies	Ely	23/10/2017 23/10/2017 23/10/2017 23/10/2017 23/10/2017		Dewi Jones Karen Dell'Armi Zenny Saunders Janice Lane Cllr Russell Goodway
Cathays High School	Gabalfa	22/11/2017	Sam Knight	
Coed Glas Primary School	Llanishen	31/01/2018		
Ely and Caerau Children's Centre	Ely	15/12/2017	Cllr Sue Goddard	
Lakeside Primary School	Cyncoed	25/10/2017	John Wilkinson	
Llanedeyrn Primary School	Pentwyn	25/10/2017	Christopher Ribton	
Llanishen High School – 2 x vacancies	Llanishen	20/11/2017 20/11/2017	John Caddick Maurice Pendlebury	
Llysfaen Primary School	Lisvane	20/12/2017		
Meadowlane Primary School	Trowbridge	31/01/2018	Mark Wilmore	
Pentrebane Primary School	Fairwater	31/01/2018		
Radnor Primary School	Canton	20/12/2017	Roberta Meredith	
Radyr Comprehensive School	Radyr & Morganstown	19/01/2018		Caroline Taylor
Rhiwbeina Primary School	Rhiwbeina	22/11/2017	Alan Wilson	
Rumney Primary School	Rumney	25/10/2017	Jonathan Williams	
St Mellons CW Primary School	Llanrumney	02/11/2017	Debra Brown	
Willows High School – 2 x vacancies	Splott	25/10/2017 31/01/2018	Su Wade Cllr Ed Stubbs	
Ysgol Bro Eirwg	Llanrumney	20/11/2017		
Ysgol Glan Morfa	Splott	20/12/2017		
Ysgol Gymraeg Coed-Y-Gof	Fairwater	31/01/2018	Angharad Davies	
Ysgol Gymraeg Treganna	Canton	25/10/2017		

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD
CARDIFF COUNCIL**



COUNCIL

28 SEPTEMBER 2017

REPORT OF DIRECTOR GOVERNANCE AND LEGAL SERVICES

COMMITTEE MEMBERSHIP

Reason for this Report.

1. To receive and make appointments to fill current vacancies on Committees in accordance with the approved allocation of seats in accordance with party group wishes.

Background

2. The Council at its Annual Meeting on 25 May 2017 established its committees and allocated seats to party groups in accordance with the relevant provisions of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 as amended.
3. The legislation requires the Council to allocate committee seats to political groups in proportion, as far as is reasonably practicable, to the size of those groups on the Council. Once the Council has determined the allocation of seats, it is obliged to make appointments so as to give effect to the wishes of the political group to which the seat has been allocated.
4. Appointments to Committees have been made in accordance with the agreed allocations and the wishes of the political groups.

Issues

5. The following Committees currently have vacancies.

<u>Committee</u>	<u>No of Vacancies</u>
Licensing Committee	1 vacancy
Public Protection Committee	1 vacancy
Community & Adult Scrutiny Committee	1 vacancy
Local authority Governor Panel	1 vacancy
Health & Safety Advisory Group	1 vacancy
Glamorgan Archives Joint Committee	1 vacancy

6. The vacancies have been discussed with all Party Group Whips at their regular monthly meetings. The Plaid Group have indicated that they do not wish to take up the seats allocated on Licensing Committee and Public Protection Committee.
7. Nominations received to the vacancies will be reported to Council on the amendment sheet.
8. To clarify the Membership of the Corporate Parenting Advisory Committee and appoint the Chair of that Committee.

Financial Implications

9. There are there are no additional financial implications arising from this report that have not been included within the Council's budget for 2017/18.

Legal Implications

10. The legal implications are set out in the body of this report.

RECOMMENDATIONS

The Council is requested to agree

1. the appointments to fill the vacancies on Committees in accordance with the approved allocations and the nominations of the Party Groups, as set out on the Amendment Sheet.
2. approve the election of the Chair of the Corporate Parenting Advisory Committee and its Membership as set out on the Amendment Sheet

DAVINA FIORE

Director Governance and Legal Services and Monitoring Officer
21 September 2017

Background Papers

Annual Council 25 June 2017 - Item 15 Allocation of Seats and Nominations of Members to Committees

Council 29 June 2017 – Amendment Sheet

Council 20 July 2017 – Amendment Sheet

Council 24 July 2014 - Establishment of a Corporate Parenting Advisory Committee

**CYNGOR CAERDYDD
CARDIFF COUNCIL**



COUNCIL:

28 SEPTEMBER 2017

**REPORT OF THE DIRECTOR GOVERNANCE & LEGAL
SERVICES**

URGENT DECISIONS TAKEN IN RESPECT OF TRELAI PRIMARY SCHOOL

Reason for this Report

1. In accordance with the Council's Scrutiny Procedure Rule 13(a), urgent officer decision taken in respect of Trelai Primary School is being reported to Council for information.

Issues

Trelai Primary School

2. An Officer Decision – 'Intervention in Trelai Primary School' was taken on 4 August 2017 by the Director of Education as an urgent decision. The decision was to:
 - (i) Appoint an Additional Governor (Mrs Jacquie Turnbull) to the governing body of Trelai Primary School and nominate her to be the Chair of the Governing body with effect from 7 August 2017, pursuant to Section 6 of the School Standards and Organisation (Wales) Act 2013 (SSOW Act 2013); and terminate the appointment of Mrs Claire Moggridge as Additional Governor and Chair.
3. The reason for the decision was that, pursuant to the SSOW Act 2013, one or more of the statutory grounds for intervention by the Council existed, and the exercise of one or more of the Council's powers of intervention was necessary in order to address the concerns and secure improvement.
4. The decision was taken in consultation with the Cabinet Member with portfolio responsibility for Education and Local Ward Members.
5. It was noted that any delay in implementation of the decision would impede the achievement of the necessary improvements and was not therefore in the public interest. For these reasons, the Monitoring Officer and the Chair of the Children and Young People's Scrutiny Committee agreed the decision should be taken on an urgent basis.

Financial Implications

6. There are no direct financial implications arising from this report.

Legal Implications

7. There are no direct legal implications arising from this report. Legal implications were considered and included as part of the Officer Decision process.

RECOMMENDATION

That Council receives the report for information.

Davina Fiore
DIRECTOR GOVERNANCE & LEGAL SERVICES
21 September 2017

Background Papers

Officer Decision, 4 August 2017 – 'Intervention in Trelai Primary School'