



DINAS A SIR CAERDYDD  
CITY AND COUNTY OF CARDIFF

**COUNCIL SUMMONS**

THURSDAY, 22 OCTOBER 2020

**GWYS Y CYNGOR**

DYDD IAU, 22 HYDREF 2020,

You are summoned to attend a meeting of the **COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** which will be held remotely on Thursday, 22 October 2020 at 4.30 pm to transact the business set out in the agenda attached.

**Davina Fiore**  
**Director of Governance & Legal Services**

County Hall  
Cardiff  
CF10 4UW

Friday, 16 October 2020

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

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## **RECORDING OF MEETING**

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<i>Item</i>		<i>Approx Time</i>	<i>Max Time Allotted</i>
<b>1</b>	<b>Apologies for Absence</b> <i>To receive apologies for absence.</i>	4.30 pm	5 mins
<b>2</b>	<b>Declarations of Interest</b> <i>To receive declarations of interest (such declarations to be made in accordance with the Members Code of Conduct)</i>		
<b>3</b>	<b>Minutes</b> <i>(Pages 7 - 14)</i> <i>To approve as a correct record the minutes of the 24 September 2020.</i>		
<b>4</b>	<b>Petitions</b> <i>To receive petitions from Elected Members to Council.</i>	4.35 pm	5 mins
<b>5</b>	<b>Public Questions</b> <i>To receive previously notified questions from Members of the Public.</i>	4.40 pm	5 mins
<b>6</b>	<b>Lord Mayor's Announcements</b> <i>To receive the Lord Mayor's announcements including Recognitions and Awards.</i>	4.45 pm	5 mins
<b>7</b>	<b>Compliance Reports 2020/2021</b> <i>(Pages 15 - 324)</i> <i>Report of the Corporate Director Resources</i>  <b>Exclusion of the Public</b> <b>Annexe B &amp; C of Appendix 9 of the report are exempt from publication as they contain exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of Council pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.</b>	4.50 pm	30 mins

8	<p><b>Licensing Review of Statement of Licensing Policy</b> (Pages 325 - 398)</p> <p><i>Report of the Head of Shared Regulatory Services</i></p>	5.20 pm	15 mins
9	<p><b>Cardiff City Transport Services Limited (trading as Cardiff Bus)</b> (Pages 399 - 504)</p> <p><i>Report of the Corporate Director Resources</i></p> <p><b>Exclusion of the Public</b> Appendix 1 – 8 and 10 of the report are exempt from publication as they contain exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A and Appendix of the 6 of the report is exempt information of the description contained in paragraph 6 of Part 4 of the Local Government Act 1972. The public may be excluded from the meeting by resolution of Council pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.</p>	5.35 pm	30 mins
10	<p><b>Cabinet Member Statements</b> (Pages 505 - 538)</p> <p><i>To receive statements from the Leader and Cabinet Members</i></p>	6.05 pm	45 mins
<b>Break (6.50 - 7.05)</b>			
11	<p><b>Notice of Motion</b> (Pages 539 - 542)</p> <p><i>Coming out of the Covid-19 Crisis: A Citizens Assembly motion</i></p> <p><i>This council notes that:</i></p> <ul style="list-style-type: none"> <li>- <i>The Covid-19 pandemic has shown how reliant we are on each other to get ahead, and what we can achieve when we work together. It has shown that we are all stronger when our public services are strongest.</i></li> <li>- <i>It has also demonstrated the importance of recognising that there is no going back to the way things were. We are entering a critical moment; we have one chance to deliver meaningful change for the greatest number of people in</i></li> </ul>	7.05 pm	45 mins

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	<p><i>our city and on our shared ambition for Cardiff.</i></p> <ul style="list-style-type: none"> <li><i>- However, we must do this with the residents of Cardiff, and not to them. All too often, in the rush to get things done since March, things aren't being done right, and residents as well as ward members are being informed rather than consulted about changes.</i></li> <li><i>- Whether we agree with the aims and objectives of proposed changes or not, it cannot be right that change is implemented in such a top-down manner, which risks stoking the potential for backlash from those who feel ignored and resentful, ultimately setting the city backwards on public engagement and progressive solutions to the city's pre-Covid 19 problems.</i></li> <li><i>- Citizens Assemblies are a body of citizens brought together to deliberate on issues of importance, they employ a cross section of the public to study options and propose answers through rational and reasonable discussion and through inquiry of experts, and they aim to reinstall trust in the political process by taking direct ownership of decision making.</i></li> <li><i>- Citizens Assemblies are representative and inclusive, allow for increased cognitive diversity, breach the border of direct democracy and allow for deliberation.</i></li> </ul> <p><i>This council calls for:</i></p> <p><i>The creation of a Citizens Assembly to deliberate and provide real time feedback on the Cardiff Restart, Recover and Renew strategy in order that the proposed changes that will affect people in and around Cardiff are taken by a more representative and diverse cross section of the public, in the hope that we can reinstall trust in our political process through shared ownership of decision making, and take as many residents with us as possible as we move out of lock down, while still living under the constraints of a worldwide pandemic.</i></p> <p><i>Proposed by Councillor Emma Sandrey</i></p> <p><i>Seconded by Councillor Rhys Taylor</i></p>		
<b>12</b>	<b>Urgent Business</b>	7.50 pm	
<b>Unopposed Council Business</b>			
<b>13</b>	<p><b>Scrutiny Committee's Annual Reports</b> <i>(Pages 543 - 756)</i></p> <p><i>Report of the Head of Democratic Services</i></p>	7.50 pm	10 mins

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<b>14</b>	<b>Audit Committee Annual Report 2019/2020</b> <i>(Pages 757 - 790)</i>  <i>Report of the Corporate Director Resources</i>	8.00 pm	10 mins
<b>15</b>	<b>Senior Management Arrangements</b> <i>(Pages 791 - 802)</i>  <i>Report of the Chief Executive and Head of Paid Service</i>	8.10 pm	10 mins
<b>16</b>	<b>Officer Decision - SMT</b> <i>(Pages 803 - 806)</i>	8.20 pm	5 mins
<b>17</b>	<b>Committee Membership</b> <i>(Pages 807 - 808)</i>  <i>Report of the Director of Governance and Legal Services and Monitoring Officer.</i>		
<b>18</b>	<b>Appointment of Local Authority Governors</b> <i>(Pages 809 - 810)</i>  <i>Report of the Director of Governance and Legal Services and Monitoring Officer.</i>		
<b>19</b>	<b>Written Questions</b>  <i>In accordance with the Council Procedure Rules, Rule 17(f) Written Questions received for consideration and response will be included as a record in the minutes of the meeting.</i>		

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City Council of the City & County of Cardiff  
24 September 2020

1

## THE COUNTY COUNCIL OF THE CITY & COUNTY OF CARDIFF

The County Council of the City & County of Cardiff met at County Hall, Cardiff on 24 September 2020 to transact the business set out in the Council summons dated Friday, 18 September 2020.

Present: County Councillor De'Ath (Lord Mayor)

County Councillors Ahmed, Asghar Ali, Dilwar Ali, Berman, Bowden, Bowen-Thomson, Boyle, Bradbury, Bridgeman, Burke-Davies, Carter, Cowan, Cunnah, Derbyshire, Driscoll, Ebrahim, Elsmore, Ford, Gibson, Goddard, Goodway, Gordon, Henshaw, Gavin Hill-John, Philippa Hill-John, Hinchey, Hopkins, Howells, Hudson, Jacobsen, Jenkins, Jones-Pritchard, K Jones, Owen Jones, Joyce, Kelloway, Lancaster, Lay, Lent, Lister, Mackie, McGarry, McKerlich, Melbourne, Merry, Michael, Molik, Morgan, Naughton, Owen, Parkhill, Jackie Parry, Keith Parry, Patel, Phillips, Dianne Rees, Mia Rees, Robson, Sandrey, Sattar, Simmons, Singh, Stubbs, Taylor, Graham Thomas, Huw Thomas, Lynda Thorne, Walker, Weaver, Wild, Williams, Wong and Wood

### 62 : APOLOGIES FOR ABSENCE

No apologies for absence were received for the meeting.

### 63 : DECLARATIONS OF INTEREST

The following declarations of interest were received in accordance with Members Code of Conduct.

Councillor	ITEM	Nature of Interest
Cllr Mackie	Item 7	Personal Interest - Family member employed as Head of Integrated Care
Cllr Mackie	Item 10	Personal Interest – owner of a property in Westgate Street
Cllr Joel Williams	Item 10	Personal Interest - Owner of property in Westgate Street - Director of Cartref Care Homes and Diverse Cymru - Family members employed by the Council
Cllr Bowen-Thompson	Item 10	Personal Interest - Chief Executive of Safer Wales

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Cllr Naughton	Item 10	Personal Interest - Family member employed by the Council
Cllr Lister	Item 10	Personal Interest - Family member in receipt of social housing
Cllr Simmons	Item 10	Personal Interest - Board Member and Trustee of ACE (Caerau)
Cllr Henshaw	Item 10	Personal Interest - Family members employed by the Council
Cllr Ebrahim	Item 10	Personal Interest - Family member employed by the Council
Cllr Bradbury	Item 10	Personal Interest - Member of ACE, Caerau - Board Member Caerau Heritage Project - Trustee of Cardiff Story Museum
Cllr Molik	Item 10	Personal Interest - CEO Sight Cymru

64 : MINUTES

The minutes of the meeting held on 23 July 2020 were signed as a correct record.

65 : LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor wished Councillor Jayne Cowan a happy birthday.

66 : GOVERNANCE REPORT

The Leader of the Council, Councillor Huw Thomas proposed the report.

The report was to enable the Council to consider updates to its governance arrangements during the restart period when normal business operations were disrupted due to government restrictions and additional service restart pressures as part of the COVID-19 pandemic.

The Cabinet Member for Finance, Modernisation and Performance, Councillor Weaver seconded the report.

The Lord Mayor invited debate on the report.



The Leader of the Council, Councillor Huw Thomas responded to matters raised in the debate.

The report was CARRIED:  
RESOLVED:

Council AGREED to:

1. Agree to hold the 2020 Annual Meeting of Council on 26<sup>th</sup> November 2020, and note the modified arrangements being developed to ensure the meeting is COVID-19 secure, as set out in paragraph 12 of the report;
2. Agree that the Chair and Vice Chair of Council be appointed at the 2020 Annual Council meeting, and that their terms of office may be extended until the Annual Meeting in 2022;
3. Agree that full Council meetings from October 2020 shall resume normal arrangements (under the Council Meeting Procedure Rules) for:
  - (i) Leader and Cabinet member statements, questions and answers, in accordance with Rule 3(xii) and Rule 16(a);
  - (ii) Written Questions, under Rule 17; and
  - (iii) Public Questions, under Rule 18.
4. Agree, as an interim measure, the acceptance of Electronic petitions under Council Meeting Procedure Rule 21, subject to the requirements set out in paragraphs 18 of the report, and pending the introduction of a new Petition Scheme;
5. Approve the Programme of Meetings 1<sup>st</sup> October 2020 to 31<sup>st</sup> March 2021, appended at Appendix A, which are to be held remotely until any alternative arrangements may be agreed; and delegate authority to the Director of Governance and Legal Services to make any necessary amendments to the Programme of Meetings, in consultation with the relevant Chairpersons.
6. Note that governance arrangements and the issues and future developments set out in this report are being kept under review in light of the changing national position in relation to COVID-19 and the business needs of the Council, and receive further update reports in due course.

67 : WELSH LANGUAGE STANDARDS ANNUAL REPORT

The Leader of the Council, Councillor Huw Thomas proposed the report.

The report asked Council to agree and approve the content of the Welsh Language Standards Annual Report 2019-20, prior to formal publication in accordance with the Welsh Language Standards, under the Welsh Language (Wales) Measure 2011.

Councillor Owen Jones seconded the report.

The Lord Mayor invited debate on the report.

The Leader of the Council, Councillor Huw Thomas responded to matters raised in the debate.

The report was carried.

RESOLVED:

Council AGREED to:

- Approve the Welsh Language Standards Annual Report 2019-20 (attached as **Appendix A**) prior to formal publication in accordance with the Welsh Language Standards (Welsh Language (Wales) Measure 2011).

#### 68 : CARDIFF COUNCIL ANNUAL STATUTORY WELLBEING REPORT

The Leader of the Council, Councillor Huw Thomas proposed the report.

This report was the Council's annual performance report, providing an assessment of the progress made in the delivery of the administration's Capital Ambition priorities as expressed within the Corporate Plan 2019-22. This report also enables the Council to discharge a number of statutory obligations, such as the publication of an Annual Statutory Well-Being Report as required by the Well-Being of Future Generations Act (Wales) 2015 and meet the requirement under the Local Government (Wales) Measure 2009 to publish an annual report.

The Deputy Leader and Cabinet Member for Education, Employment and Skills, Councillor Merry seconded the report.

The Lord Mayor invited debate on the report.

The Leader of the Council, Councillor Huw Thomas responded to matters raised in the debate.

The report was carried.

RESOLVED:

Council AGREED to:

- Approve the Annual Statutory Wellbeing Report 2019-20

69 : BUDGET STRATEGY REPORT 2021/2022 AND THE UPDATED MEDIUM TERM FINANCIAL PLAN

The Cabinet Member for Finance, Modernisation and Performance, Councillor Weaver proposed the report.

The report provided an update in relation to the Medium Term Financial Plan. Consolidate and updated the financial strategy of the Council in readiness for the preparation of the 2021/22 revenue and capital budgets. Outlined the timetable that the budget process will follow in order to present the 2021/22 Budget to Council in February 2021. Provided an update in relation to the Council's financial resilience.

The Leader of the Council, Councillor Huw Thomas seconded the report.

One Amendment to the report had been received from the Liberal Democrat Group.

Councillor Berman moved the amendment.

In Cabinet Proposal, delete all and replace with:

“Council is recommended to refer back the Budget Timetable Framework to the Cabinet for further reconsideration to enable time for the Cabinet to re-evaluate the business case for continuing to include the proposal for the indoor arena within the Council's budget strategy in the light of the changing economic circumstances which have arisen owing to the Covid-19 pandemic.”

Councillor Taylor seconded the amendment.

The Lord Mayor invited debate on the report.

The Lord Mayor invited Councillor Weaver, proposer of the report to respond to matters raised in the debate. Councillor Weaver confirmed the amendment was not accepted.

The Lord Mayor moved to vote on the Amendment proposed by Councillor Berman and seconded by Councillor Taylor.

The Vote was LOST.

The Lord Mayor moved to vote on the recommendations in the report.

The report was CARRIED:

RESOLVED:

Council AGREED to:

- Adopt the Budget Timetable Framework set out in Appendix 2 and agree that the work outlined is progressed with a view to informing budget preparation.

70 : ANNUAL LOCAL AUTHORITY SOCIAL SERVICES REPORT

The Cabinet Member for Social Care, Health and Wellbeing, Councillor Susan Elsmore proposed the report.

The Council was advised that the purpose of this report was for the Cabinet to receive the 11<sup>th</sup> Annual Report of Local Authority Social Services (Appendix 1) as required under Part 8 of the Social Services and Well-Being (Wales) Act 2014 (SSWB Act).

The Cabinet Member for Children and Families, Councillor Graham Hinchey seconded the report.

The Lord Mayor invited debate on the report.

The Cabinet Member for Social Care, Health and Wellbeing, Councillor Elsmore responded to matters raised in the debate.

RESOLVED:

Council AGREED to:

- Approve the Local Authority's Social Services Annual Report for 2019/20

71 : JOINT CABINET STATEMENT

Council received Cabinet Member Statements.

The Leader of the Council, Councillor Huw Thomas provided Council with an update on the current situation in Cardiff relating to COVID-19 possible Lockdown of the city.

Fifteen questions had been received on a politically proportional basis from the following Councillors:

Councillor Mia Rees  
Councillor Robert Hopkins  
Councillor Emma Sandrey  
Councillor Dilwar Ali  
Councillor Keith Parry  
Councillor Adrian Robson  
Councillor Rodney Berman  
Councillor Lyn Hudson  
Councillor Fenella Bowden  
Councillor Dianne Rees  
Councillor Joe Carter  
Councillor Jayne Cowan  
Councillor Norma Mackie

The Leader of the Council and Cabinet Members responded to questions raised on the following matters:

- Schooling for children when self-isolating.
- Cleaning materials being supplied to schools and the cost of cleaning
- Youth Services
- Pollution and air quality
- Policing of the Cardiff boundary if a local lockdown were enforced
- Track, trace and test.
- Wild Water storage
- Parking for the new 400 unit facility at the Heath
- Decommissioning of the Dragon Heart facility
- Opening of Leisure Centres
- Castle Street and the air quality in the city centre
- Coal Exchange
- Students returning to universities

The Leader of the Council, Councillor Huw Thomas took questions from the Group Leaders, Councillors Robson, Taylor and Keith Parry, in relation to the possible COVID-19 Lockdown of Cardiff.

## 72 : NOTICE OF MOTION

The Lord Mayor referred to Council Meeting Procedure Rule 22 (I)

If any Ordinary Motion appears to the Chair to be not presently contained within the approved Council Budget for the year in question, it will still be included on the agenda for the meeting. However a statement from the Chair to this effect and stating that the Ordinary Motion shall be deferred to the next ordinary meeting of Council so that written legal and financial advice may be given to Members before the motion is debated.

**As the costs of a Citizen's assembly would be likely to be in the region of £100k the motion will be deferred to the next ordinary meeting of Council so that written legal and financial advice may be given to Members before the motion is debated. The approx. cost includes staff resource, fees for experts to present evidence, and reimbursement for low income participants and has been reached on the basis of information reviewed from other local Assemblies, including Oxford's Climate Assembly, which took place over 2 weekends and cost £200k, and the Camden Climate Assembly in 2019 which cost a similar amount.**

## 73 : URGENT BUSINESS

No urgent business was tabled at the meeting.

74 : COMMITTEE MEMBERSHIP

The Council received a report to receive nominations and make appointments to current committee vacancies as set out in the report and in accordance with the approved allocation of seats and political group wishes.

RESOLVED:

Council AGREED to:

- Appoint to the vacancies on Committee's in accordance with the approved allocation of seats and Party Group wishes, as set out on the Amendment Sheet.

75 : OFFICER DECISION REGISTER - SMT

Noted

76 : WRITTEN QUESTIONS

In accordance with Council Procedure Rule 17 (f) Written Questions received for consideration and the response will be included as a record in the minutes of the meeting.

**COUNCIL:****22 OCTOBER 2020**

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**COMPLIANCE REPORTS 2019/20  
STATEMENT OF ACCOUNTS, ANNUAL GOVERNANCE STATEMENT  
AND ANNUAL TREASURY MANAGEMENT REPORT**

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**Appendix 9, Annexes B & C are not for publication as they contain exempt information of the description in paragraph 14 and 21 of schedule 12A of the Local Government Act 1972.**

**Reason for this Report**

1. The Statement of Accounts for 2019/20 are presented in order to meet the requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended). This provides that the Statement of Accounts be approved by a relevant committee or by the Council meeting as a corporate body. Due to Covid-19, national timescales in respect to the signing of accounts were extended from 15 June to 31 August and those for publication were extended from 15 September to 30 November. The report also includes the Annual Governance Statement (AGS) which is required to be approved by Council.
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 2020.
3. In accordance with the Council's Treasury Management Policy Statement, the Annual Treasury Management Report for 2019/20 is presented based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

**Background**

4. The audited Statement of Accounts for the County Council of the City and County of Cardiff (the Council) and the Cardiff Harbour Authority are shown in Appendix 1. Cardiff and Vale of Glamorgan Pension Fund audited Statement of Accounts for the financial year 2019/20 are shown in Appendix 2. The Annual Governance Statement is attached at Appendix 3.
5. The draft accounts were presented electronically to the Audit Committee on 17 July 2020 in parallel with the public inspection period. Prior to this, they were presented to Audit Wales on the statutory deadline of 15 June 2020. Draft Accounts were again presented to Audit Committee at its meeting on 8 September 2020.

6. The draft accounts were available for public inspection between 15 July 2020 and 11 August 2020 as required by the Public Audit (Wales) Act 2004 and Accounts and Audit (Wales) Regulations, 2014 (as amended).
7. An Audit Committee was convened on 20 October 2020 where the “Draft Audit of Accounts Reports (ISA 260)” for the Council, Cardiff Harbour Authority and Cardiff and Vale of Glamorgan Pension Fund were presented by Audit Wales.
8. The Council has continued its proactive approach to improvement of the financial statements in relation to readability, content and information provided. The statements include the following:
  - narrative report
  - accounting policies
  - core financial statements
  - disclosure notes to the accounts
  - supplementary statements including Housing Revenue Account, Trust Funds, Cardiff Harbour Authority and also group accounts which consolidates the position to include the unaudited financial position of Cardiff City Transport Services Limited (Cardiff Bus).
9. Notes included in the Council’s Statement of Accounts, either as a result of legislative or accounting requirements also include:
  - disclosures on financial instruments (financial assets and financial liabilities)
  - capital expenditure and financing
  - remuneration including schools employees and
  - reserves and provisions.

### **Review of approach to amending misstatements identified during the audit**

10. The Council’s historic practice has been that all misstatements identified during the audit have been amended. Most, if not all changes post audit are accounting amendments only, that have no impact on the level of Council Tax or rent payable and very often would be self-adjusting in future years.
11. There is a significant cost in terms of time and resource compared to the benefit of amending some misstatements, which would not change the user of the accounts understanding of the financial position and performance of the Council. This is particularly the case in respect to complex asset accounting transactions.
12. Whilst all misstatements would continue to be reported as part of the auditor’s report, consideration has been given to not all misstatements being amended, an approach consistent in other local authorities and in accordance with Audit Wales Guidance. This guidance for consideration when evaluating the impact of misstatements is included as Appendix 4. The Council will need to continue to consider the acceptability of the final statements containing non-material misstatements. This is due to the earlier statutory deadlines for submission, audit and approval of the final accounts in future years, which for 2020/21 is 31 July 2021, 6 weeks earlier than the 2019/20 requirement.
13. The appendices to this report include Audit of Accounts Reports (ISA 260’s) which contain the main issues and corrections, deemed to be required to be brought to your attention.



### **The County Council of the City and County of Cardiff Accounts**

14. The auditor's "Audit of Accounts Report (ISA 260)" for the Council is attached as Appendix 5, along with corrected and uncorrected misstatements.
15. Audit Wales intend to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation, which is included in Appendix 5.
16. Although Audit Wales have issued an unqualified opinion, they have included what is termed Emphasis of Matter paragraphs, which are not deemed to impact on the audit opinion.

### **Cardiff and Vale of Glamorgan Pension Fund Accounts**

17. The auditor's "Audit of Accounts Report (ISA 260)" for the Pension Fund is attached as Appendix 6. along with corrected misstatements.
18. Audit Wales intend to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation, which is included in Appendix 6.

### **Cardiff Harbour Authority Accounts**

19. The auditor's "Audit of Accounts Report (ISA 260)" for the Cardiff Harbour Authority is attached as Appendix 7.
20. Audit Wales intend to issue a qualified audit report on the financial statements once they have been provided with the Letter of Representation, which is included in Appendix 7. This is issued where there are material concerns about aspects of the Accounts.
21. The basis for the qualified opinion is in relation to the difficulties experienced by the Council to undertake a stocktake as at 31 March 2020 due to health and safety reasons arising from Covid-19.

### **Cardiff Port Health Authority**

22. The external auditor is also required to audit the annual return of the Cardiff Port Health Authority (CPHA). The Annual Return including the audit opinion is attached at Appendix 8.

### **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.

24. As a result of Covid 19, this has been an exceptional and difficult year for both Council and audit teams. Officers of the Council have worked extremely closely with Audit Wales in support of their audit role.
25. Future years changes in the Statement of Accounts include:
  - The need to continue to minimise the period over which the accounts are prepared, audited and published as a result of changes in legislation. Current regulations require the 2020/21 accounts to be approved by 31 July 2021 and will need consideration of changes to governance, Council processes and audit approach in order to meet this timescale.
  - Implementation of new accounting requirements such as changes to leasing from 2021/22.

### **Annual Governance Statement (AGS)**

26. The AGS was submitted to the Audit Committee on 25 June 2020 for review. No significant amendments were made following feedback from this review or by Audit Wales, with minor narrative changes included in a revised statement included in Appendix 3.

### **Treasury Management Annual Report 2019/20**

27. The Treasury Management Annual Report is attached at Appendix 9. It sets out the economic background within which treasury activities were conducted, the position on investments and borrowing at 31 March 2020, compliance with indicators set in the budget report for the year and sets out key issues that are being monitored closely in 2019/20 that could impact on treasury activities.
28. The Annual Report has been reviewed by Audit Committee on 08 September 2020 in accordance with their terms of reference.
29. The overall position on investments and external borrowing are
  - At the 31 March 2020, investments stood at £127.6 million and were deemed to be fully recoverable. The overall level of interest receivable from treasury investments totalled £1 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 2019/20, with diversification sought where possible.
  - At the 31 March 2020, the Council had £828.8 million of external borrowing in order to pay for historical capital expenditure. This 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 external borrowing is 4.11% at the 31 March 2020 and total interest paid on the external debt, which includes the Housing Revenue Account, was £32.8 million.
30. An update on the 2020/21 Mid-Year Treasury Management position will be provided to Council in November 2020.

## **Legal Implications**

31. The report is presented to Council to meet statutory, regulatory and codified requirements to do so.

## **Financial Implications**

32. This report is presented to Council in discharge of its duty to approve the Council's audited accounts on or before 30 November of the year relating to the end of the accounting period and also to receive the annual Treasury Management Report for 2019/20 in accordance with Council Treasury Management Policy.

## **RECOMMENDATIONS**

Council is requested to:

1. Approve the audited Statement of Accounts 2019/20 – County Council of the City and County of Cardiff as well as Cardiff Harbour Authority (Appendix 1).
2. Approve the audited Statement of Accounts 2019/20 – Cardiff and Vale of Glamorgan Pension Fund (Appendix 2).
3. Approve the Annual Governance Statement 2019/20 (Appendix 3)
4. Note the Audit of Accounts Reports (ISA 260) from Audit Wales on the Statement of Accounts of County Council of the City and County of Cardiff, Cardiff Harbour Authority and Cardiff and Vale of Glamorgan Pension Fund, for the year ending 31 March 2020 (Appendices 5, 6, and 7).
5. Note the Cardiff Port Health Authority Annual Return 2019/20 (Appendix 8)
6. Note the final Letters of Representation for the County Council of the City and County of Cardiff, Cardiff Harbour Authority and Cardiff and Vale of Glamorgan Pension Fund.
7. Note that the following documents will be signed following the conclusion of the meeting:
  - Statement of Accounts for County Council of the City and County of Cardiff – Lord Mayor and Corporate Director Resources
  - Statement of Accounts for Cardiff and Vale of Glamorgan Pension Fund – Lord Mayor and Corporate Director Resources
  - Statement of Accounts for Cardiff Harbour Authority – Corporate Director Resources
  - Annual Return of Cardiff Port Health Authority – Lord Mayor and Corporate Director Resources
  - Annual Governance Statement – Leader of the Council and Chief Executive
  - Audit Certificate for the County Council of the City and County of Cardiff, Cardiff and Vale of Glamorgan Pension Fund and Cardiff Harbour Authority – Appointed Auditor, Audit Wales. To be signed at a later date
  - Letter of Representation for the County Council of the City and County of Cardiff - Lord Mayor and Corporate Director Resources
  - Letter of Representation for Cardiff and Vale of Glamorgan Pension Fund – Lord Mayor and Corporate Director Resources

- Letter of Representation for Cardiff Harbour Authority – Lord Mayor and Corporate Director Resources.

8. Note the Treasury Management Annual Report for 2019/20 (Appendix 9).

**CHRISTOPHER LEE**  
**Corporate Director Resources**  
**16 October 2020**

The following appendices are attached:

Appendix 1 – Statement of Accounts 2019/20 – County Council of the City and County of Cardiff as well as Cardiff Harbour Authority

Appendix 2 – Statement of Accounts 2019/20 – Cardiff and Vale of Glamorgan Pension Fund

Appendix 3 – Annual Governance Statement 2019/20

Appendix 4 – Audit Wales - Guidance when evaluating the impact of misstatements

Appendix 5 – Audit Wales - Audit of Accounts Report 2019/20 (ISA 260) and Letter of Representation – County Council of the City County of Cardiff

Appendix 6 – Audit Wales - Audit of Accounts Report 2019/20 (ISA 260) and Letter of Representation – Cardiff and Vale of Glamorgan Pension Fund

Appendix 7 – Audit Wales - Audit of Accounts Report 2019/20 (ISA 260) and Letter of Representation – Cardiff Harbour Authority

Appendix 8 – Cardiff Port Health Authority Annual Return 2019/20

Appendix 9 – Treasury Management Annual Report 2019/20 (Appendices B & C are confidential)



# Statement of Accounts 2019/20

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*The County Council of the City and County of Cardiff*



## Contents

<b>Narrative Report by Council's Statutory Finance Officer</b>	<b>3</b>
<b>Statement of Responsibilities for the Financial Statements</b>	<b>22</b>
<b>Council's responsibilities</b>	<b>24</b>
<b>Corporate Director Resources responsibilities and Certificate</b>	<b>25</b>
<b>Audit Report</b>	<b>26</b>
<b>Accounting Policies, Critical Judgements and Assumptions</b>	<b>29</b>
<b>Core Financial Statements</b>	<b>43</b>
<b>Comprehensive Income and Expenditure</b>	<b>44</b>
<b>Movement in Reserves</b>	<b>46</b>
<b>Balance Sheet</b>	<b>47</b>
<b>Cash Flow</b>	<b>48</b>
<b>Notes to the Financial Statements</b>	
<i>1 Adjustments between Accounting Basis and Funding Basis under Regulations</i>	49
<i>2 Expenditure and Funding Analysis</i>	51
<i>3 Precepts and Levies</i>	54
<i>4 Participation in Joint Committees</i>	55
<i>5 Council Tax</i>	55
<i>6 Non-Domestic Rates</i>	56
<i>7 Agency Income and Expenditure</i>	57
<i>8 Remuneration</i>	58
<i>9 Health Act 1999 Pooled Funds and Similar Arrangements</i>	63
<i>10 Related Parties</i>	64
<i>11 External Audit Costs</i>	65
<i>12 Leasing</i>	65
<i>13 Investment Properties</i>	65
<i>14 Prudent Revenue Provision</i>	67
<i>15 Pensions</i>	67
<i>16 Non-Current Assets</i>	73
<i>17 Financial Instruments</i>	77
<i>18 Held for Sale Assets</i>	85
<i>19 Debtors</i>	85
<i>20 Cash and Cash Equivalents</i>	86
<i>21 Creditors</i>	86
<i>22 Interests in other Companies and other Organisations</i>	86
<i>23 Provisions</i>	89
<i>24 Pension Strain</i>	90
<i>25 Deferred Liabilities</i>	90
<i>26 Usable Reserves – General, Earmarked and Capital Receipts</i>	90
<i>27 Unusable Reserves</i>	96
<i>28 Grant Income</i>	99
<i>29 Contingent Assets and Liabilities</i>	100
<i>30 Notes to the Cash Flow Statement</i>	102
<i>31 Prior Period Adjustment</i>	102
<i>32 Exceptional Items</i>	102
<i>33 Events After the Reporting Period</i>	102
<i>34 Date of Authorisation of the Accounts for Issue</i>	103
<b>Housing Revenue Account</b>	<b>104</b>
<b>Group Accounts</b>	<b>113</b>
<b>Trust Funds</b>	<b>123</b>
<b>Cardiff Harbour Authority</b>	<b>126</b>
<b>Glossary of Accounting Terms</b>	<b>139</b>



# Narrative Report by Council's Statutory Finance Officer



## Introduction

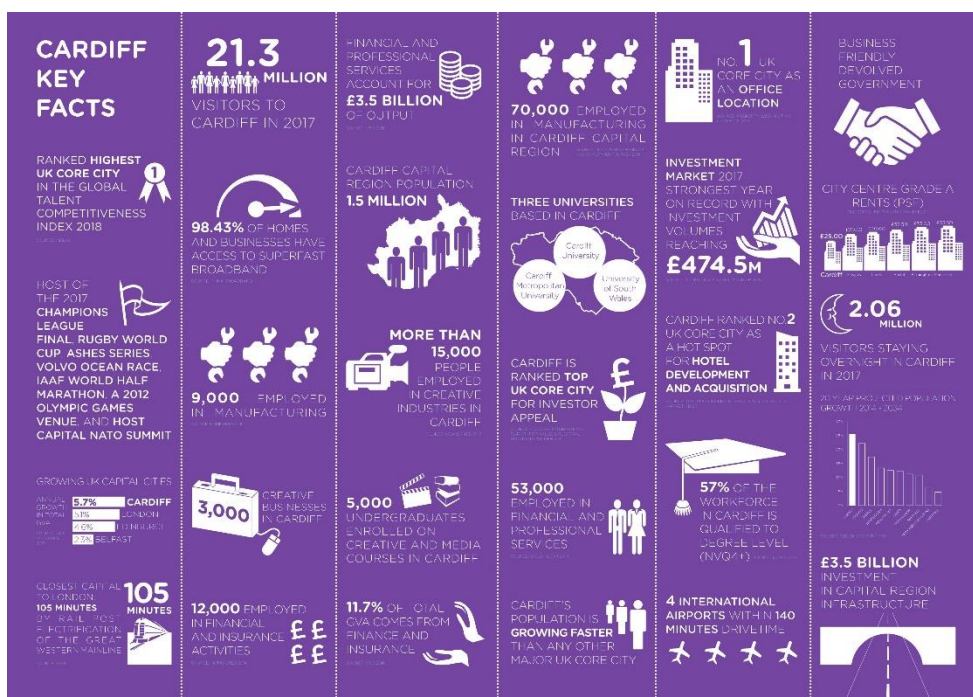
This report presents the 2019/20 Statement of Accounts for the County Council of the City and County of Cardiff (the Council). It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

## Our City

Cardiff is the Capital City of Wales, covering an area of 140 square kilometres. It is the 11th largest city in the United Kingdom with a population of 367,000 living in approximately 151,000 homes. It is an economic, cultural and political capital city. A city of strong and safe communities, great schools and universities, creative, talented, and welcoming people.

In the ten years from 2008 to 2018, Cardiff's population grew by 9.5%, or 31,500 people, and this growth is set to continue, with the Welsh capital projected to be one of the fastest-growing major British cities. Over the next twenty years the capital city is set to see a larger growth in population than the other 21 Local Authorities in Wales put together. As well as those living in the city, nearly 100,000 people, over one third of the City's workforce commute to Cardiff every day from across the city region. That so many people are choosing to live and work in Cardiff is good news, but it will put a strain our city's infrastructure and additional demands on the range of public services we deliver.

Like all cities, Cardiff has its challenges and health, social and economic inequalities exist within the city. In fact, if the 'Southern Arc' of Cardiff was considered a single Local Authority, it would be identified as the most deprived in Wales. Economic success has brought pressures such as congestion, air pollution and a demand for affordable housing. The Council has declared a Climate Emergency, recognising the conclusions of the Intergovernmental Panel on Climate Change. A revised One Planet Cardiff strategy will set out the Council's aspiration and begin a city-wide conversation about what more the Council, the city and residents could be doing to tackle the Climate Emergency.



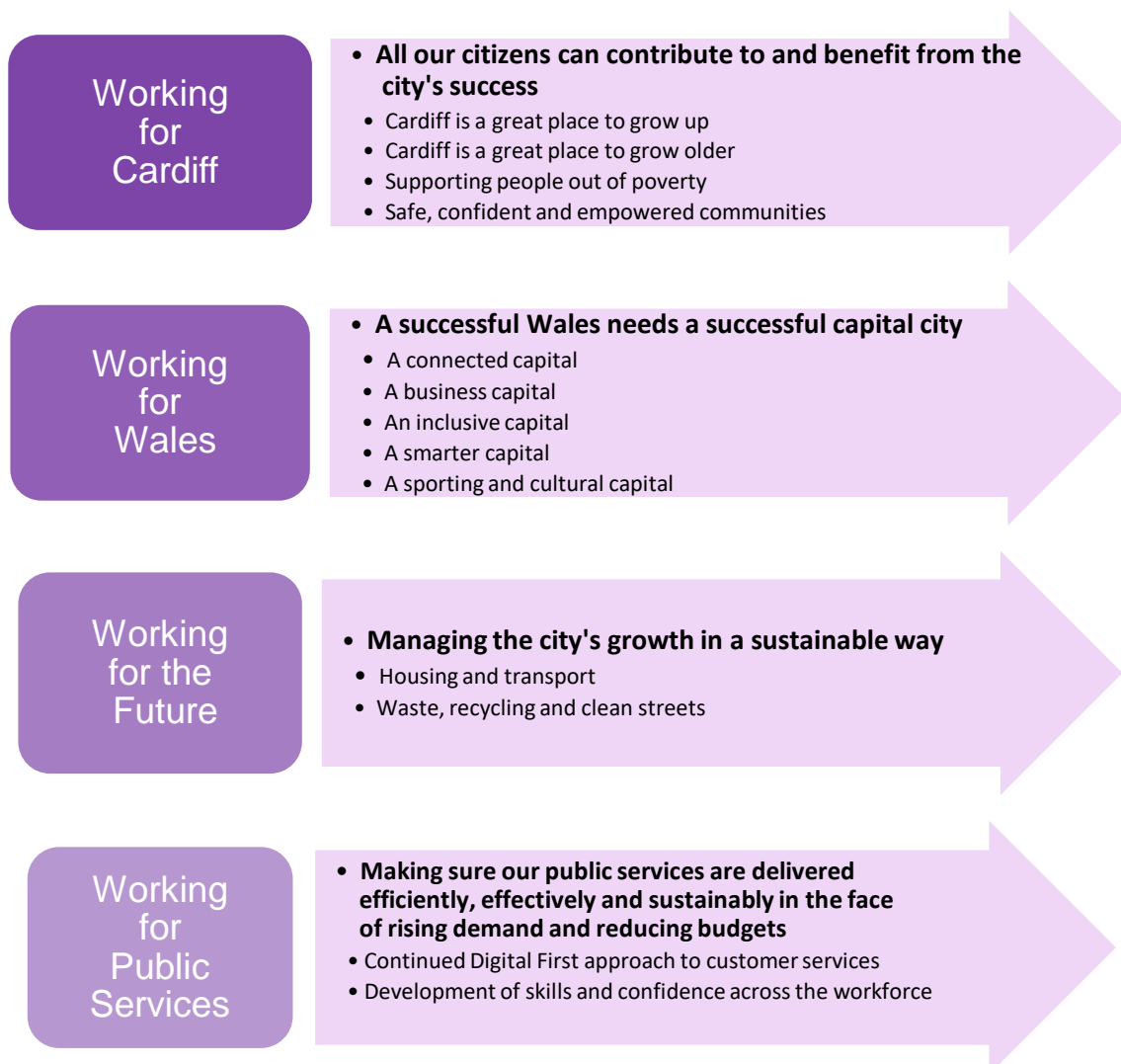


The City's public services have been enduring a long period of financial austerity. During the past ten years, the Council has made almost a quarter of a billion pounds in cumulative savings and reduced the number of its non-school staff by 22%. Looking ahead, the Council must close a budget gap of £73m over the next four years. In the medium term, the amount of funding available for 'non-statutory' services like parks, libraries or waste collection will make their continued delivery very challenging. This will form the backdrop to public service delivery as the City responds to the realities of the post-Brexit world and the Council continues to deliver its agenda for the city

## *Our Capital Ambition*

The Council, through its Capital Ambition, explains how it aims to address the above challenges by embarking on a programme of action, with commitments and targets to move forward in the face of significant budgetary constraints.

Its four priorities are driven by the ambition to maintain momentum in city regeneration and economic development, tackle inequality and inclusive growth, and respond to the climate emergency and public service reform.



The Council's Corporate Plan and the Wellbeing Plan translate the above priorities into deliverable organisational objectives, setting out the steps to be taken and how performance will be measured.

The plans set out how we will continue to invest in and improve our schools, build more affordable housing, tackle homelessness, and protect the city's most vulnerable people. The Council has bold plans for tackling congestion and air pollution, improving recycling rates and keeping our streets clean, together with a series of commitments, which will help change the lives of people in the city for the better. Further detail is available on the Council's website.

## *Our Services and the way we work*

The Council provides over 700 services, supporting local communities and improving the lives of local people, some of which are shown below.

Planning, Transport and Environment	Economic Development
<ul style="list-style-type: none"> <li>• Bereavement and Registration</li> <li>• Highways infrastructure and street cleaning</li> <li>• Transport and Civil Parking Enforcement</li> <li>• Waste Collection, Recycling, Treatment, Disposal and Education</li> <li>• Schools Transport</li> </ul>	<ul style="list-style-type: none"> <li>• Business and Investment</li> <li>• Regeneration and major projects</li> <li>• Corporate Landlord</li> <li>• Culture, Venues and tourism</li> <li>• Leisure, Parks and Sport</li> </ul>
People and Communities - Housing and Customer Services	People and Communities - Social Services
<ul style="list-style-type: none"> <li>• Community Hubs and Libraries</li> <li>• Customer facing services e.g. preventive and 'into work' services</li> <li>• Independent living and community alarm</li> <li>• Adult and community learning</li> <li>• Performance, Partnerships and Housing Revenue Account – council dwellings management</li> </ul>	<ul style="list-style-type: none"> <li>• Adult learning disabilities and mental health</li> <li>• Youth offending</li> <li>• Children's safeguarding, early help, fostering and residential services</li> <li>• Support for older people and those with physical disabilities</li> </ul>
Education and Lifelong Learning	Resources
<ul style="list-style-type: none"> <li>• Nursery, Primary, Secondary and Special schools</li> <li>• Youth and community education and community learning</li> <li>• Achievement and Inclusion</li> <li>• Schools catering</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Human Resources</li> <li>• Commissioning and Procurement</li> <li>• ICT, Customer and Digital services</li> </ul>
Corporate Management	Resources - Governance and Legal Services
<ul style="list-style-type: none"> <li>• Precepts, levies and contributions</li> <li>• Corporate initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Democratic, electoral and legal services</li> <li>• Scrutiny, member and bilingual services</li> </ul>

The Council has 75 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework.

### Cardiff Councillors - Political Party Representation



The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. Council selects a Lord Mayor annually to perform a civic role, promote the city and chair Council meetings. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services.

The role of Cabinet is to:

- be responsible for most major decisions
- provide leadership
- propose the budget framework and subsequent budget.

Scrutiny Committees support the work of the Cabinet and the Council by:

- monitoring decisions of the Cabinet
- allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council
- producing reports and recommendations to support the development of policies and decisions
- having the ability to review a decision, which has been made but not yet implemented.

Regulatory and other committees support delivery of Council services. Council has given Audit Committee the responsibility for the review of the Financial Statements for the Council. The Council's Management Team is led by Chief Executive Paul Orders and includes Corporate Directors, Directors and Assistant Directors, including the statutory officers (Monitoring Officer and Section 151 Officer). They are responsible for:

- providing impartial advice on policy and implementing decisions of the Cabinet and Council; and
- delivery of services and performance.

## *Impact of Covid-19*

The Covid-19 pandemic has and will have a considerable impact on the Council. The lockdown, announced on 20th March 2020, has resulted in businesses required to close, elements of the Council's own services such as schools, libraries, leisure services having to be closed or be curtailed, as well as significant additional demand on other services for the most vulnerable in our communities such as the homeless and those in need of social care. This however has been met with an unprecedented response from the employees of the Council in adapting to new ways of working as well as taking on new roles via short-term redeployment.

Additional cost pressures have not had a dramatic impact on the financial outturn for 2019/20 as the impact on the public's and businesses' behaviour arose in the last two weeks of March. The significant impact on the Council's finances will be felt during 2020/21 with the significant costs to date being:

- Personal Protective Equipment
- Food vouchers and food provisions
- Emergency accommodation costs for rough sleepers
- Waste processing and treatment
- Support for domiciliary care providers, additional payments to care home providers and other service providers to protect the supply chain for key Council services
- Additional demand from vulnerable adults and children
- Council Tax Reduction support.

Additional costs, subject to eligibility, are to be supported by a Welsh Government Hardship Fund, however the significant financial impact on the Council stems from substantial losses of income. This includes parking, moving traffic enforcement, licensing fees, income from leisure and arts facilities, rents as well as other services that generate income from fees and charges. The Council is working collectively with the Welsh Local Government Association and Welsh Ministers to mitigate the impact of lost income. In respect of capital projects, additional costs are likely as a result of working under social distancing measures. Delays in some projects occurred at the end of the year and it is likely to delay other projects in the programme planned for 2020/21. It is difficult to quantify the impact of Covid-19 at this stage with any certainty. However, the financial pressures on the Council are likely to continue even after the Government's emergency Covid-19 funding for local authorities is taken into account because of the Council's need to support vulnerable residents and businesses who need the support as well as meet demand for services previously suppressed during the crisis.




As previous benchmarking and financial resilience indicators have shown, the Council has one of, if not the lowest level of reserves as a proportion of net revenue budget of all local authorities in Wales. Whilst some re-prioritisation may be possible, use of reserves to sustain additional costs and loss of income without Welsh Government support will not be possible and is a challenge to financial sustainability.

The pandemic has had a profound impact on all aspects of life in the City. Accordingly the Council will reset its Medium Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives as it starts to Restart, Recover and Renew. This will require an understanding of what is the "new normal" and will require the Council to review and prioritise the services it provides, its delivery models and the outcomes, and how these need to change going forward to meet new and emerging priorities including new digital solutions. This will also include a review of efficiency savings targets set for 2020/21, to determine achievability and alternative mitigating actions. Most of the priorities in the capital programme such as building new housing, investing in highway infrastructure and property renewal will continue to proceed. However there may be others that need to be delayed or re-prioritised for investment

in a recovery phase, subject to affordability. Where investment was supported by specific income, such projects will need to be reconsidered. Any financial reset will be against a backdrop of a new economic reality of a recession and limits to what is affordable.

Additional costs and lost income will impact on cash flow and during March, the Council took the opportunity to undertake further external borrowing in order to ensure liquidity in uncertain financial markets. As part of its Group Structure, the Council is also the 100% shareholder of Cardiff City Transport Services. Similar to all public transport providers, the company, which relies significantly on fare paying passengers, has seen income eliminated and has furloughed employees where not required to run essential services. The Council, Board of the Company and Welsh Government continue to look at options for ensuring the sustainability of provision of transport in the short, medium and long term.

**Our Performance 2019/20** (Where appropriate, figures will be updated in the Cardiff Council Wellbeing Report)

Cardiff is a great place to grow up	
<ul style="list-style-type: none"> <li>96% of primary school children and 85.5% of secondary school children secured their first three choices of school placement (95% and 82% in 2018-19).</li> <li>The percentage of schools inspected by Estyn where standards of current performance were judged to be good or excellent (for 2018-19 academic year) was 72.20%.</li> <li>The average Capped Nine Points Score achieved by Key Stage 4 pupils was 366 against a target for academic year 2018-19.</li> <li>98% of all year 11 leavers made a successful transition from compulsory schooling to education, employment or training.</li> </ul>	
Cardiff is a great place to grow old	
<ul style="list-style-type: none"> <li>7,509 people were helped to remain independent through alternative solutions provided by Independent Living.</li> <li>96% of clients felt they were able to live independently in their homes following support from the Independent Living Service.</li> <li>89% of people feel reconnected into their community through intervention from day opportunities.</li> </ul>	
Supporting people out of poverty	
<ul style="list-style-type: none"> <li>The Council has supported 108 employers across Cardiff to become accredited Living Wage Employers - this has increased from 88 organisations in 2018-19.</li> <li>152 apprenticeships and traineeships were created by the Council during 2019-20.</li> <li>39,608 people accessed 'Into Work' advice to help citizens to develop skills and find employment opportunities.</li> </ul>	

### Safe, Confident and Empowered Communities

- 2,840,127 visits to Cardiff's various sports and leisure sites across the City (2018-19)\*.
- 3,400,748 citizens visited our libraries and hubs (2018-19)\*.
- 98% of customers agreed with the statement "Overall the Hub met my requirements/I got what I needed".
- 1,113 Council Employees have participated in Welsh language courses and awareness training.
- 966 children and adults in need of care and support used the Direct Payments Scheme (2018-19)\*.



### A Capital City that Works for Wales

- At the end of Quarter 3 2019-20, there were 1,137 new and safeguarded jobs supported across the city
- 22.170m visitors (2018-19)\*.
- 2.065m staying visitors (2018-19)\*.



### Cardiff Grows in a Resilient Way

- 51.2% of people travelled to work by sustainable methods compared to 48.1% of people in 2018-19.
- 15.4% of people in Cardiff used cycling as a mode of transport to travel to work (13.7% in 2018-19).
- 3.3% of principal A roads were in overall poor condition, this has improved from 3.50% in 2018-19.
- 99.03% of reported fly tipping incidents were cleared in 5 working days.



### Modernising and integrating Our Public Services

- Since its launch, the Cardiff App has been downloaded 24,547 times, across both android and iOS devices.
- This has seen an increase to 1,240,299 customers choosing to use digital channels to contact the Council on areas such as Council Tax, housing, planning and waste collection (946,019 in 2018-19).
- The Council continues to see an increase in the number of customers choosing to interact via social media channels, with approximately 117,666 followers.



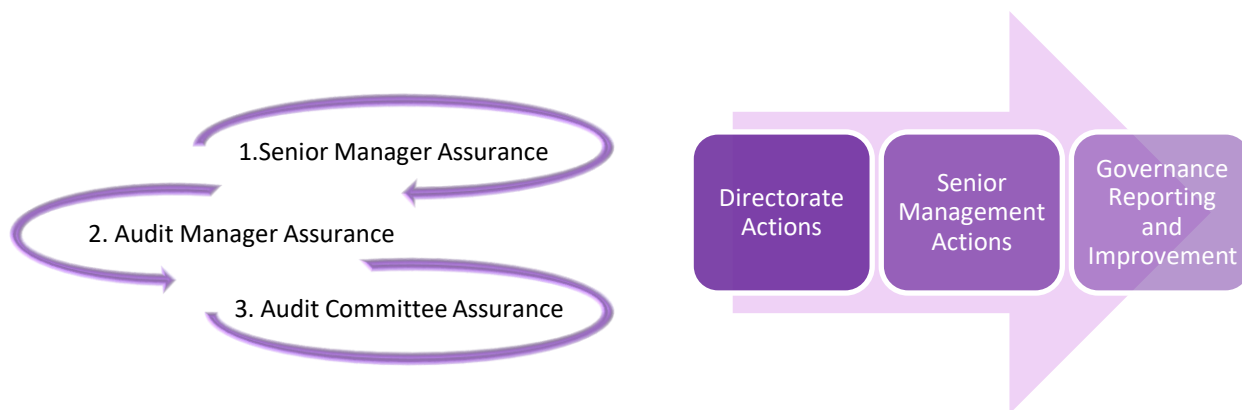
\*Due to Covid-19, some data could not be obtained for 2019-20.

## Our Governance, Risks and Financial Outlook

We prepare an Annual Governance Statement (AGS) each year, to disclose the findings of our annual review of the Council’s governance. The AGS includes an Action Plan for any significant governance issues identified as part of the review, to be progressed by Senior Management. It is approved by Council in parallel with the Financial Statements and is used for governance reporting and improvement. This is available on the Council’s website at the following address.

*Link to be inserted following Council approval in October 2020*

In preparing the AGS, the Council has adopted the ‘Delivering Good Governance in Local Government’ framework, developed by CIPFA and the Society of Local Authority Chief Executives. It comprises the systems, processes, culture and values through which the Council is directed and controlled and its engagement and work with the community. The AGS is built through core disclosures from Senior Management, and the independent opinions of the Internal Audit Manager and the Audit Committee.



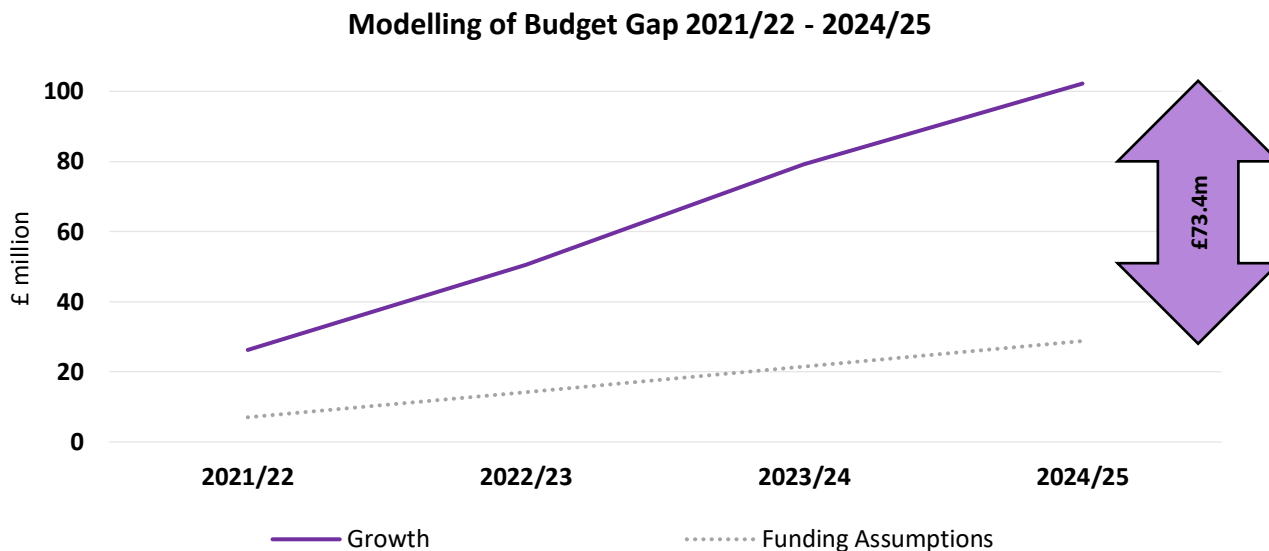
The Council’s risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council’s most critical risks to Senior Management Team for ownership, review and reporting.

Over the course of the year, many risks have been progressed and appropriately mitigated through the above mechanisms. At 31 March 2020, there are twelve corporate risks at a ‘red’ residual risk status i.e. major or significant consequence is likely without further mitigation. Covid-19 has resulted in a change to the environment within which these risks as shown below need to be actively managed.

Climate Change and Energy Security
Failure to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.
City Security
Major security-related incident in the city as a result of international or domestic terrorism.
Coastal Erosion
The risk of a breach of current coastal defence measures resulting in widespread flooding.
Air Quality & Clean Air
'Risk that Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.
Welfare Reform
Failure to meet its statutory obligations placed upon it by the Welfare Reform including Universal Credit, Benefit Cap reductions, size restrictions for social tenants, removal of automatic entitlement to housing cost for under 21s and changes to funding for supported housing.
Financial Resilience
Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan which would significantly weaken the financial resilience of the Council.
Impact of Brexit
The risk that Brexit (and any subsequent decisions) will create severe disruption to the city and hinder its ability to continue to deliver effective services and maintain community cohesion.
Waste Management
Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.
Building Equipment Maintenance
Ineffective application of statutory equipment maintenance responsibilities for council buildings in a safe and legally compliant condition.
ICT Platforms Unsuitable/Outdated
Risk that ICT platforms (desktop, software, network, servers and telephones) will not be able to support the technologies required by the corporate change programme and deliver effective service to the council, or will not provide a reliable service due to age and condition of equipment and systems.
Increase in Demand (Children's Services)
Failure to effectively manage demand resulting in an increase in the number of looked after children, and the service and financial pressures this presents.
Cyber Security
Management - risk of an inability to assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity. Corporate cloud security - risk of weaknesses in externally hosted services.



Budget Gap is the term used to describe the difference between the funding the Council expects to receive, and the estimated cost of continuing to deliver services at the current level. Put simply, the budget gap is a result of funding failing to keep pace with demand, inflation and other financial pressures. Even with a more positive outlook for funding received from Welsh Government, a budget gap of £73 million between 2021/22 and 2024/25 was forecast prior to the impact of Covid-19.



This is due to factors such as employee costs, price inflation, paying for capital projects, demographic pressures for adults and children as well as increased school pupil numbers and needs.

A range of options have been considered in order to address budget gaps in 2020/21 and future years including early intervention to reduce costs and demand, maximising income streams, efficiency and productivity reviews across all areas of expenditure, collaboration, use of technology and increases in Council Tax. With increased levels of risk to the delivery of savings targets and the national funding, performance against existing budgets as well as the impact of Covid-19 on financial resilience risk will need to be managed and monitored closely to ensure financial sustainability.

Significant capital expenditure investment is proposed in areas such as new schools; to address the condition of existing buildings across the whole estate; to develop new council housing; to address air quality; economic regeneration and for sustainable travel schemes. The five year investment plan will require a significant increase in borrowing and confirmation of the approach to generating a significantly enhanced level of asset disposals in order to help pay for investment.

Further details of the Council's budget for 2020/21 and Medium Term are available on the Council's website at the following address <https://cardiff.moderngov.co.uk/mgAi.aspx?ID=19407#mgDocuments> and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account 2020/21 Budget and MTFP
- Capital Strategy 2020/21
- Treasury Management Strategy
- A financial resilience snapshot which sets out a number of financial indicators and ratios.

## Financial Performance 2019/20

Along with the rest of local government, the Council has faced significant challenges in funding its services. The 2019/20 budget approved in February 2019, was set against this backdrop of financial uncertainty and increasing demand for our services. An overall funding gap of £32.438 million in 2019/20 was identified and addressed by a combination of savings measures, use of earmarked reserves, schools' contribution to meeting pressures and a 4.9% Council Tax increase. A net revenue budget of £623.589 million was approved for 2019/20 as well as a Medium Term Financial Plan based on a rolling four-year period from 2020/21 to 2023/24, ensuring that resources are aligned to outcomes in the Corporate Strategy.

## Revenue Expenditure and Funding

Revenue expenditure covers the cost of the Council's day-to-day operations and contributions to and from reserves. The final revenue outturn shows expenditure within the overall 2019/20 net revenue budget of £623.589 million. Favorable variances within the summary Revenue Account enabled contributions to be made to a number of strategic earmarked reserves that will support financial resilience of the Council in the medium term.

Directorate	Net Expenditure Budget £000	Net Expenditure Outturn £000	Variance (Under)/Over £000
Corporate Management	26,337	26,290	(47)
Economic Development	4,035	4,425	390
Education & Lifelong Learning	272,126	272,812	686
People & Communities - Housing & Communities	45,145	44,416	(729)
People & Communities – Performance and Partnerships	2,762	2,616	(146)
People & Communities - Social Services	172,727	177,241	4,514
Planning, Transport & Environment	37,702	41,027	3,325
Resources - Governance & Legal Services	5,493	6,136	643
Resources	16,662	16,655	(7)
<b>Directorate Outturn Subtotal</b>	<b>582,989</b>	<b>591,618</b>	<b>8,629</b>
Capital Financing	35,236	34,789	(447)
General Contingency	3,000	0	(3,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	2,364	(2,818)	(5,182)
<b>Total Council Outturn</b>	<b>623,589</b>	<b>623,589</b>	<b>0</b>

The budget monitoring process identified financial pressures in a number of directorates, notably Social Services, and Planning, Transport & Environment. This reflected a range of factors including increased

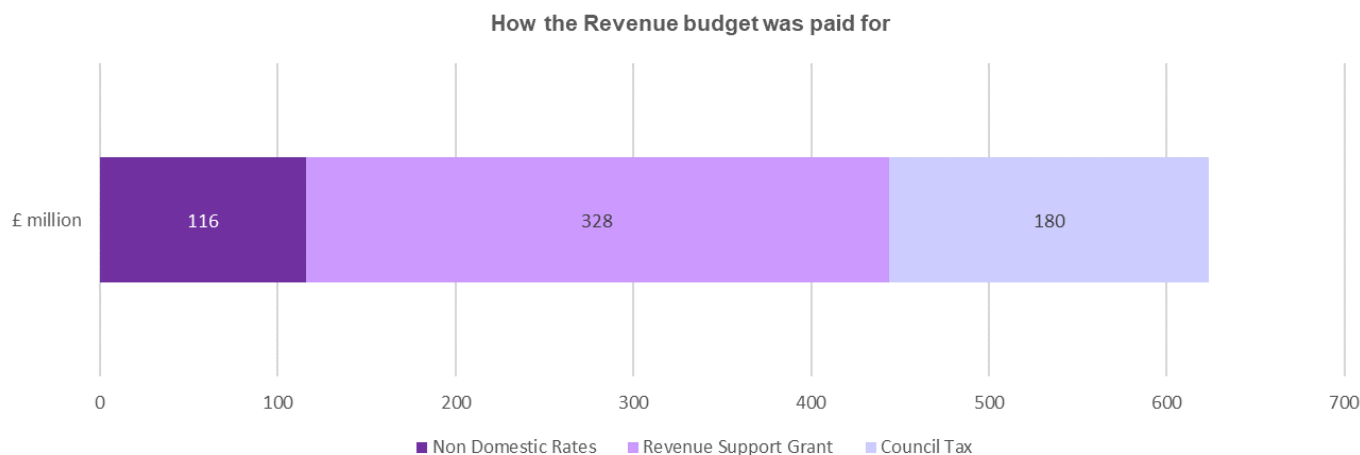
demographic and cost pressures, shortfalls in income and the failure to fully achieve the savings targets set as part of the 2019/20 budget.

This is reflected in the overall directorate outturn position showing a directorate overspend of £8.629 million. This was managed by the release of the £3 million general contingency held to reflect the quantum, risk and planning status of proposed savings, as well as savings from other areas including Council Tax Collection, Capital Financing and the Summary Revenue Account.

Non-Domestic Rates (NDR) are collected by the Council for Welsh Government based on the value of buildings used in business or for non-domestic purposes and a rate is set annually. The net NDR collectable by Cardiff for 2019/20 totaled £200.116 million of which Cardiff received £116.504 million after redistribution by Welsh Government. The in-year collection rate was 96.12%.

Revenue Support Grant of £328.126 million was received from Welsh Government.

Council Tax collected by the Council includes precepts for the police and community councils and where applicable was passed onto the relevant bodies. Council Tax income retained by the Council of £180.019 million funds just over a quarter of the Council’s net expenditure. The in-year collection rate was 96.8%.



### *Housing Revenue Account (HRA)*

The Housing Revenue Account is a ring-fenced account shown within the Housing and Communities directorate. It includes income from rents and expenditure on managing the housing stock and related services:

- The council has 13,637 dwellings as at 31 March 2020.
- The average weekly net rent for 2019/20 was £104.53.
- Income including rent and charges for services totaled £81.412 million.
- Revenue expenditure included £23.069 million on repairs and maintenance, £27.303 million on supervision and management and £31.525 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

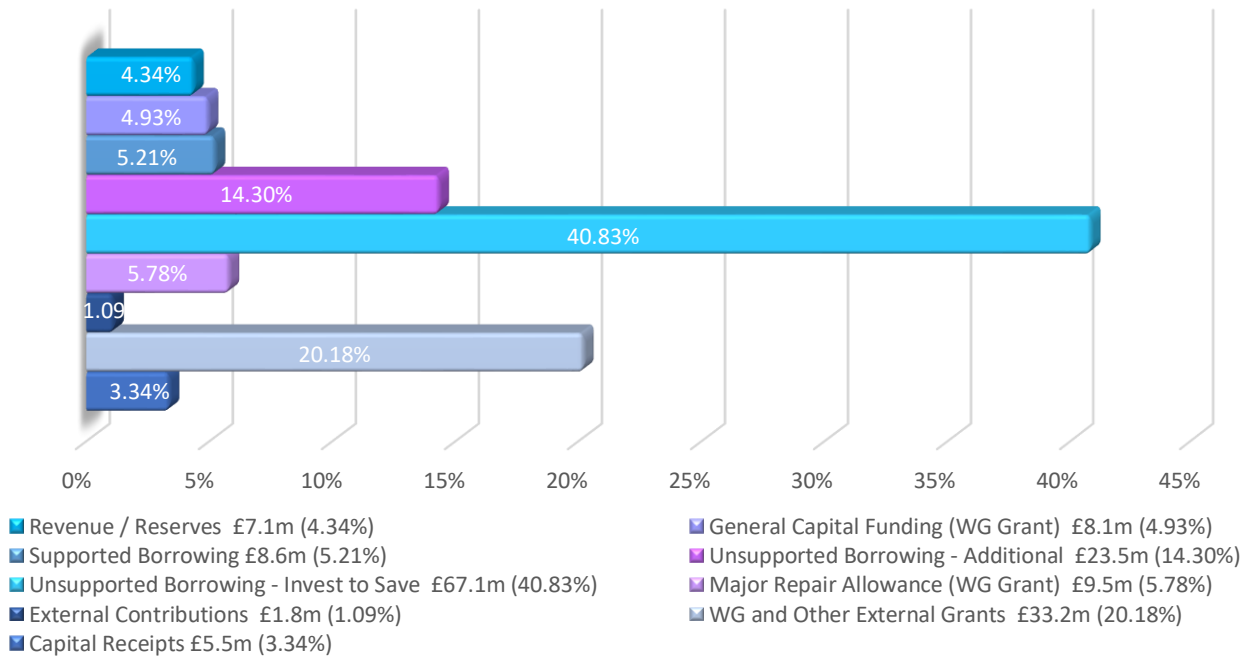
## Capital Expenditure and Funding by the Council

Capital investment forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspirations to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our non-financial stability. Capital spending during the year totaled £164.4 million.

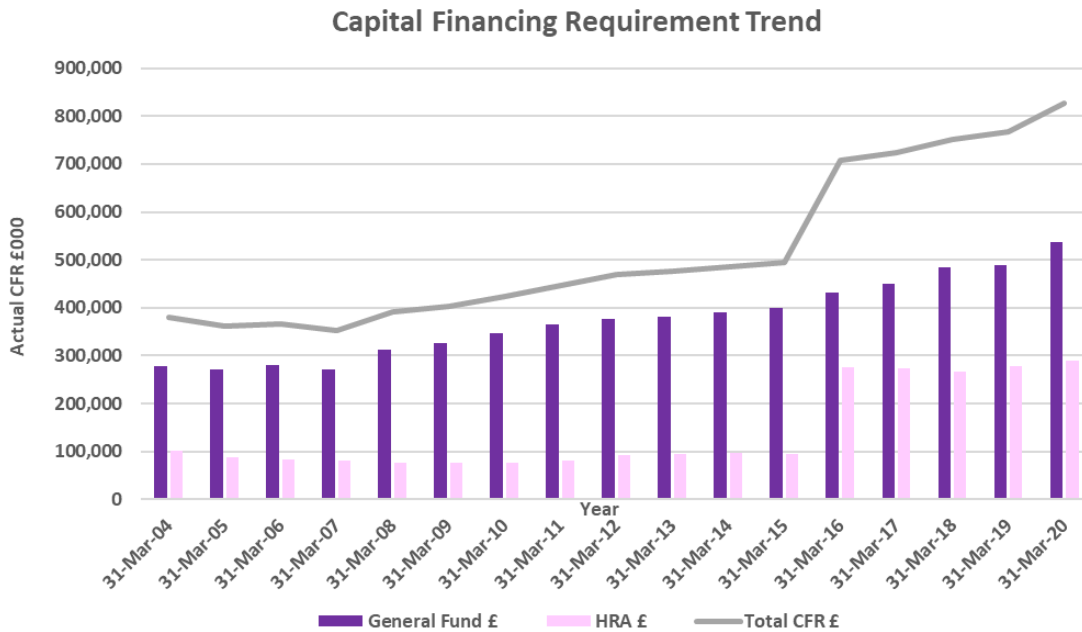
Schemes	Detail	£m
Community and Neighbourhood Regeneration	Disabled adaptation grants, allowing people to live independently in their homes; environmental improvements; community hubs; land for travellers site expansion; domestic abuse multi agency hub; and completion of a regeneration scheme for Maelfa Centre in Llanedeyrn.	8.9
Education & Lifelong Learning	Completion of the Band A Investment Programme and development of Band B; investment in the condition and suitability of school buildings; schemes for Welsh medium expansion; reducing infant class sizes and Schools ICT.	17.2
Highways & Transportation	Road and footpath reconstruction and resurfacing; public transport and road safety improvements; cycling strategy implementation and expansion of cycle hire and moving traffic offences schemes; investment in active travel and safe routes in communities; design works for city centre air quality measures.	16.4
Leisure Facilities & Parks	Investment in leisure sites retained by the Council as well as sites operated by GLL; athletics track and parks play equipment replacement; Roath Park House refurbishment, Parc Cefn Onn and other infrastructure improvements.	2.7
Acquisition of Red Dragon Centre in Cardiff Bay	Purchase to support a business case for the development of a new arena for the city.	58.4
Solar Farm	Development of a solar farm at former landfill site.	5.0
Capital Cardiff Region - City Deal	Grant from Cardiff Council towards development of a Housing Viability Gap Fund for the region.	5.0
Public Housing	Disabled adaptations; estate regeneration; investment in existing stock condition; acquisition of land and existing dwellings from the private market; construction of new dwellings.	41.5
Other	Modernising ICT to improve business process; harbour asset renewal; Waste Recycling and collection improvements; Thornhill Crematorium improvements; creation of new burial site; property asset renewal works including enhancement to former Virgin Active site at Ocean Park.	9.3
<b>Total</b>		<b>164.4</b>

The Council pays for its capital expenditure from a number of sources. This includes borrowing money. Borrowing and any associated interest costs must ultimately be repaid in a prudent way from existing and future income. The Capital Programme was financed from a combination of borrowing (£99.2 million) and from grants, contributions, revenue budgets and sale of assets (£65.2 million). An analysis of the sources of capital funding is shown in the chart below:

### Funding of Capital Expenditure



Capital expenditure incurred historically by borrowing, but yet to be paid for from future revenue or capital income from the General Fund and HRA, is termed the Capital Financing Requirement (CFR). The historic trend is shown in the next chart.

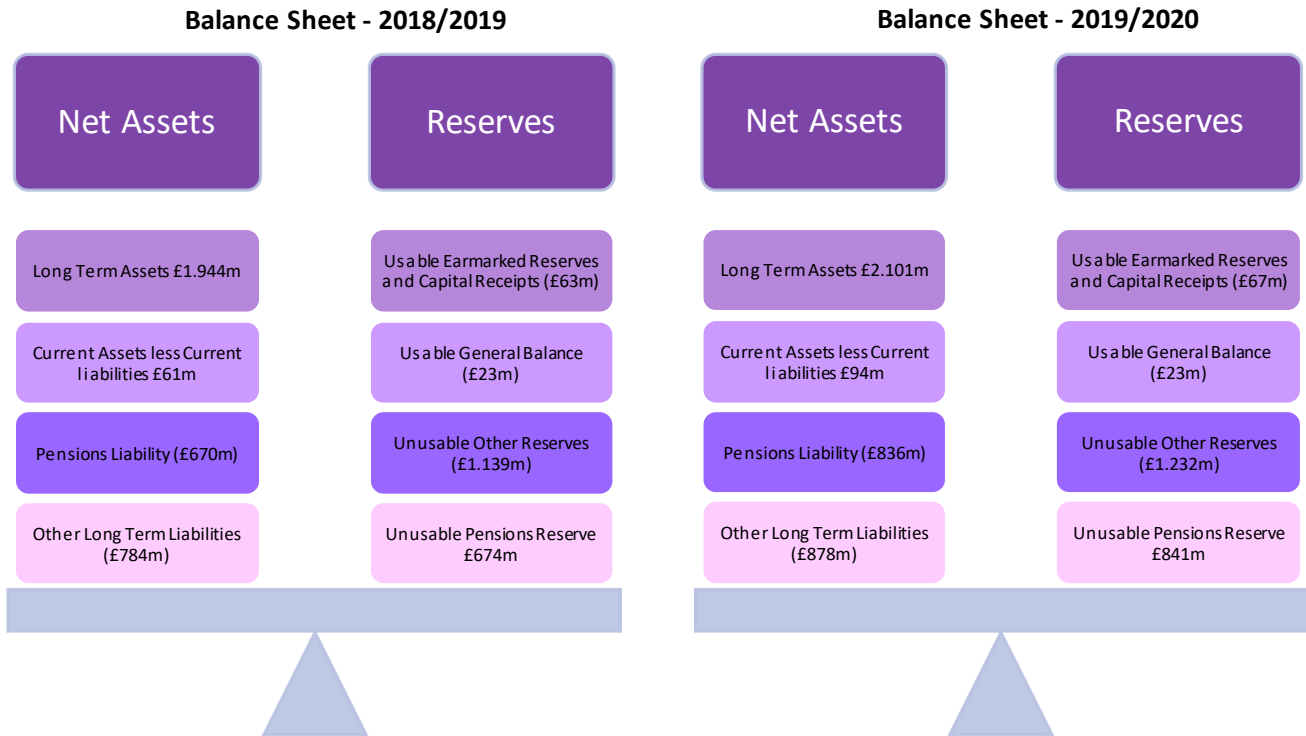


Each year, a prudent amount is charged to our revenue budgets to reduce this. In the 2020/21 budget proposals report, Council approved a revised Minimum Revenue Provision Policy (MRP), with a specific change in methodology in respect to borrowing supported by Welsh Government through the Revenue Support Grant. This policy change was to apply from the 2019/20 financial year, resulting in a saving of £4.725 million in the year. This has been used to strengthen the Local Authority's financial resilience in respect of capital and treasury, through the development of an Earmarked Treasury Management Reserve.

In 2015/16 additional borrowing was taken by the Council and paid to HM Treasury to exit the HRA subsidy system. The CFR and associated financing costs, interest and repayment, of capital investment continues to rise as a percentage of controllable budget. The Council's Capital and Treasury Management Strategies set out a range of indicators for affordability, prudence and sustainability of the Council's capital investment plans.

### *Financial Position 2019/20*

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



### *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 such as depreciation have no impact on the council tax or rent payable, as they are required to be reversed from unusable reserves.

Note 16 details movements in assets, capital expenditure and its financing:

- capital receipts from the disposal of property assets and similar income was £9.974 million
- as part of the Council's rolling programme, revaluations took place during the year of operational assets (schools), investment properties, surplus assets and heritage assets.

### *Financial Assets and Liabilities*

Treasury Investment and borrowing activities were undertaken in accordance with regulatory requirements and the Council's Treasury Management Strategy for 2019/20. Investments for treasury management purposes and cash is £112.057 million at 31 March 2020 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 0.85%.

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. In accordance with the Treasury Management Strategy, borrowing is undertaken to manage the capital financing requirement when deemed necessary to mitigate against the risk of future interest rates rising unexpectedly. The net change in external borrowing during the year was an increase of £106.9 million. This included specific borrowing for the acquisition of the Red Dragon Centre as well as to strengthen liquidity of the Council particularly around uncertainty in financial markets in relation to the Covid-19 position.

The average interest rate paid on the Council's borrowing reduced from 4.53% to 4.11% at 31 March 2020. Interest payable on borrowing was £32.960 million, of which £12.275 million was payable by the Housing Revenue Account.

Note 17 of the accounts provides further information on the Council's financial assets and liabilities and the nature and extent of risks involved

## 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. This includes insurance claims received as well as for landfill aftercare. During 2019/20, total provisions decreased by £0.640 million to £30.217 million. Details of the movement of individual provisions are shown in note 23 of the accounts.

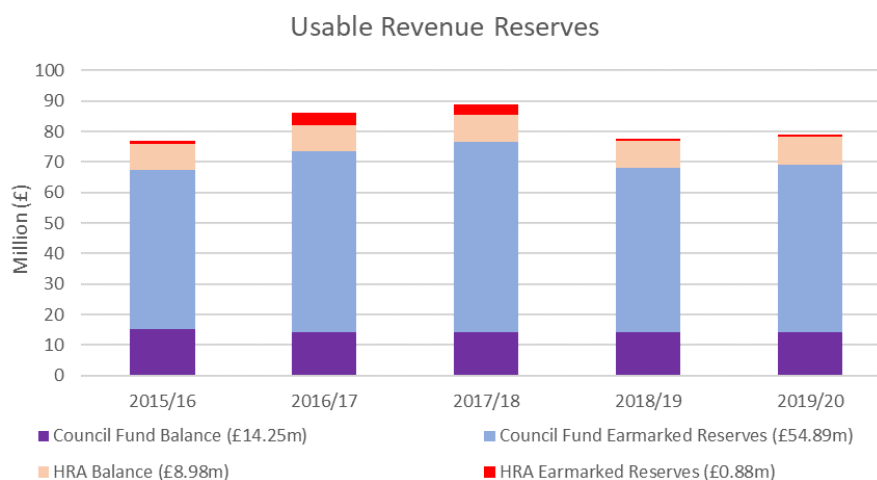
## Pensions Liabilities

The Council is a member of the Cardiff and Vale of Glamorgan Pension Fund, with details of its participation in pension schemes shown in note 15 of the accounts:

- The cost to the Council during the year for pension liabilities is £50.240 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £835.710 million at 31 March 2020. This is based on the latest actuarial assumptions. This has increased by £172.992 million from 2018/19.
- The fund is revalued every three years, with the fund's assets at 31 March 2019 deemed to cover 96% of future liabilities. A 17 year recovery plan is in place in order to meet the shortfall.

## Balances and Reserves

Balances and Reserves are sums of money put aside for specific policy purposes or for general contingencies and cash flow management. Their use, creation and assessment of sufficiency also considers risks to financial resilience. The level of usable reserves as a percentage of revenue expenditure continues to be one of the lowest in Wales. Earmarked reserves are detailed in note 26 of the accounts whilst other usable and unusable reserves are shown in notes 26 and 27.





## *The Financial Statements*

The Statement of Accounts are set out in this document, accompanied by a Statement of Responsibilities for the financial Statements and the Audit Report. The single entity statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools in England and Wales within the control of the local authority.

### *The core statements are:*

- The Comprehensive Income and Expenditure Statement records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by directorate. The bottom half of the statement deals with corporate transactions and funding.
- The Movement in Reserves Statement is a summary of the changes to our reserves over the course of the year. Reserves are divided into 'useable', which can be invested in capital projects or service improvements and 'unusable', which must be set aside for specific purposes.
- The Balance Sheet is a 'snap shot' of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The Cash Flow Statement shows the reasons for changes in the council's cash balances during the year and whether that change is due to operating activities, new investment or financing activities.

### *The supplementary statements are:*

- The Housing Revenue Account separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- Group Accounts combine the Councils own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this Council's case, Cardiff City Transport Services Ltd
- Other statements for regulatory purposes include Trust Funds, and Cardiff Harbour Authority.

## *Conclusion*

Despite in year pressures, the Council was able to remain within its net revenue budget set for 2019/20. Demand for all council services continues to increase and the continued negative future funding outlook for all local authorities remains a significant risk. The Council has set an ambitious agenda to invest and improve what we do for residents which will require difficult choices to be made and a focus on key priorities.

The impact of Covid-19 for the 2019/20 position is limited, given that lockdown measures were put in place during the last few days of the financial year, however its impact will have a significant impact both financially and in the way we do things. This will involve a phased approach of:

**Restart:** Restarting and adapting a wide range of Council Services in the context of extended stringent social distancing requirements - immediate

**Recover:** A strategic response to support the city to emerge from the crisis – next 18 months

**Renew:** Longer term city development strategy consistent with Capital Ambition – 10 year vision

Detailed financial planning assumptions will be more important than ever to support a fully informed and revised Medium Term Financial Plan that ensures financial resilience. This was considered by Council in September 2020.

I am grateful for the work of my finance team in supporting directorates and for all officers who facilitate the transparency of our financial transactions and make the preparing of these financial statements and reporting of financial performance and position during 2019/20 possible. This is a requirement that will itself be more challenging in future years due to both additional accounting and reporting as well as earlier preparation of the accounts and consequential audit requirements.

**Christopher Lee**  
**Corporate Director Resources and Section 151 Officer**



# Statement of Responsibilities for the Financial Statements



## ***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 2019/20, that officer was Christopher Lee, 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 Daniel De'Ath**  
**Lord Mayor**

**Date: 22 October 2020**

### ***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 2019/20 (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
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### ***The Corporate Director Resources Certificate***

The financial statements for the Council give a true and fair view of its income and expenditure for the financial year 2019/20 and financial position of the Council at 31 March 2020.

**Christopher Lee**  
**Corporate Director Resources**

**Date: 22 October 2020**

# ***The Independent Auditor's Report of the Auditor General for Wales to the Members of the County Council of the City and County of Cardiff***

## **Opinion**

I have audited the financial statements of:

- the County Council of the City and County of Cardiff; and
  - the County Council of the City and County of Cardiff Group
- for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

The County Council of the City and County of Cardiff's financial 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 and the related notes, including a summary of significant accounting policies.

The County Council of the City and County of Cardiff Group financial 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 and the related notes, including a summary of significant accounting policies.]

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 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff's and the County Council of the City and County of Cardiff Group as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

## **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of matter - effects of the COVID-19 pandemic on the valuation of Property, Plant and Equipment Assets, Heritage Assets and Investment Properties**

I draw attention to the disclosures in the assumptions made about the future and other sources of estimation on page 41 of the financial statements, which describes the impact of the COVID-19 pandemic and the material uncertainty of the valuation of the Council's Property, Plant and Equipment Assets, Heritage Assets and Investment Properties provided by the Council's external professional valuers.

My opinion is not modified in respect of this matter.

## **Emphasis of matter - effects of the COVID-19 pandemic on the valuation of Pension Fund Pooled Property Investments**

I draw attention to the disclosures in Note 15 page 70 of the financial statements which describes the impact of a material uncertainty disclosed in pension fund managers year-end valuation reports for the UK Pooled Property Investments managed on behalf of the Cardiff and Vale of Glamorgan Pension Fund.

My audit opinion is not modified in respect of this matter.

## **Emphasis of Matter Going Concern Cardiff City Transport Services**

I draw attention to Note 22 of the financial statements and the 'Introduction' section of the Group Accounts which refers to the significant risk to financial viability and going concern of Cardiff City Transport Services.

My opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where: the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's or Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or Annual Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **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.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
26 October 2020 CF11 9LJ

24 Cathedral Road  
Cardiff





# Accounting Policies, Critical Judgements and Assumptions



## *Accounting policies used when formulating the accounts*

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2020 and its financial position at that date. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### *1. Accounting Standards issued but not yet adopted*

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2021/22 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2021. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

Whilst this is expected to have no impact on the Council Tax or Rent payer, work will need to be undertaken during 2020/21 to ensure significant lease type arrangements across the Council are identified and accurately recorded. This will include a review of existing and creation of new processes for managing and recording lease arrangements.

### *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
- revenue from the provision of services/contracts is recognised when the Council can measure reliably the percentage of completion and it is probable that economic benefits or service potential will be achieved
- supplies are recorded as expenditure when they are consumed
- services received are recorded as expenditure when the services are received, rather than when the payments are made
- there is a de minimus threshold of £500, under which income and expenditure may not be accrued
- 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 debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

### 3. *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 if it meets the following criteria:

- be available for immediate sale in its present condition
- sale must be highly probable
- be actively marketed or have identified prospective purchasers
- the sale expected to be completed within one year.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where this results in a loss, this 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. Regular 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.

### 4. *Cash and Cash Equivalents*

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts including balances of cheque book schools. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

### 5. *Contingent Assets and Liabilities*

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

### 6. *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 expenditure takes place.

### 7. *Disposals and Capital Receipts*

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

Disposals greater than £10,000 are treated as capital receipts and are credited to the Capital Receipts Reserve.

### 8. *Employee Benefits*

## Benefits Payable during Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the Comprehensive Income and Expenditure Statement.

## 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 Comprehensive Income and Expenditure Statement.

## Post-Employment Benefits

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered by the Teachers Pensions Agency
- the Local Government Pension Scheme, via membership of the Cardiff and Vale of Glamorgan Pension Fund administered by the Council.

The Council accounts for pension costs in the main accounting statements in accordance with International Accounting Standard 19 (IAS19). This requires recognition 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. Accounting treatment depends on whether they are in respect of a defined benefit scheme or a defined contribution scheme.

## Defined Contribution Schemes

Centralised arrangements for the Teacher's Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council and is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

## Defined Benefit Schemes

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefit scheme. 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 where:

- liabilities for the scheme attributable to the Council are included on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections earnings for current employees)
- assets of the scheme attributable to the Council are included at their fair value:
  - quoted and unitised securities – current bid price
  - unquoted securities – professional estimate
  - property – market value.

The change in the net pension liability is analysed into the following components:

- current service costs: increase in the liability as a result of pension earned by employees in the year is charged to net cost of services.
- past service costs: increase in the liability arising from current year decisions which affect pension earned by employees in earlier years is charged to Corporate Management.
- gains/losses on settlements and curtailments: result of actions to relieve the Council of liabilities or events that reduce expected future service or accrual of benefits are charged to Corporate Management.

- net interest on the net defined benefit liability: net interest expense for the period that arises from the passage of time and is shown within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- re-measurements: return on plan assets (excluding amounts included in net interest) and actuarial gains/losses as a result of updated actuarial assumptions. These are both charged to the Pensions Reserve as Other Income and Expenditure.

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

## 9. *Financial Assets*

Financial assets are classified based on a classification and measurement approach that reflects the Council's business model for holding financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g. principal and interest.
- fair value through profit or loss (FVPL) - Achieve objectives by both collecting contractual cash flows and selling assets.
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Council has designated that this is the case.

In terms of value of financial assets recognised in the accounts, the authority's primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as capital expenditure in the approved Capital Programme to achieve service objectives. Depending on the rationale for holding such financial assets, primarily equity, the Council may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual 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 in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains or losses that arise on the derecognition of an asset are credited/debited to the CIES.

### **Expected Credit Loss Model**

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment.

The Council undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g. as part of a provision for bad debts, adjustments to the value of financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

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

### **Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)**

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Council. These are likely to be equity holdings held as part of a service objective.

Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve.

Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

### **Fair Value Measurement of Financial Assets**

Fair value measurements for the above financial asset classes measured at fair value are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

## **10. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They 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, inputs to the valuation techniques used to determine fair value are attributed to the same levels as stated under the Financial Assets accounting policy.

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.

## 11. *Grants and Contributions*

Grants and other contributions are accounted for on an accruals basis and recognised when:

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

### **Revenue**

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 longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

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.

### **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 and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant such as the General Capital Grant or Major Repair Allowance were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

## 12. *Heritage Assets*

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

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. No depreciation charge is made on heritage assets.

The unique nature of heritage assets makes reliable valuation complex. These difficulties are recognised by the Code and therefore many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets within the notes to the accounts. A valuation is undertaken every 3 years by an external expert for insurance purposes. A valuation of paintings, artefacts and civil regalia took place in 2019-20.

### **13. *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 initially set between 3-5 years, and reversed in the Movement in Reserves Statement via transfer to the Capital Adjustment Account.

Gains or losses arising from disposal are recognised in the surplus or deficit on the provision of services.

### **14. *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.

### **15. *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 expenditure.

### **16. *Investment Property***

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A full valuation is undertaken every two years. The previous valuation was undertaken in 2018/19 by Jones Lang LaSalle (commercial), E. J Hales Ltd (retail) and internal valuers (community). In 2019/20 a review of market values took place to ensure they did not materially alter the fair value of the assets.

Investment properties are not depreciated. 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.

## 17. *Joint Committees*

Subject to materiality and exposure to risk, the relevant proportion of Joint Committees are included within the Council's accounts reflecting the transactions and balances for those Joint Committees.

## 18. *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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### *The Council as Lessee*

#### **Finance Leases**

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 does not hold any leases of this type.

#### **Operating Leases**

Payments for operating leases are charged to the relevant service line on an accruals basis.

### *The Council as Lessor*

#### **Finance Leases**

The Council does not provide any leases of this type.

#### **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 Expenditure Statement.

## 19. *Property, Plant, Equipment*

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

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 capitalisation of expenditure in connection with Council dwellings.

## 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, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal.

Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation*
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Community Assets	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Council Dwellings	Existing Use Value for Social Housing	Every 2 years	2018/19	Cardiff Council Strategic Estates	2020/21	Land: n/a Buildings: 50 years
Infrastructure	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
Other Operational Land & Buildings	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2018/19	Cooke & Arkwright	2021/22	Land: n/a Buildings: 3-65 years
School Assets	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2019/20	Cooke & Arkwright	2022/23	Land: n/a Buildings: 3-54 years
Surplus Assets	Fair Value	Annual Fair Value Check	2019/20	Jones Lang LaSalle	2020/21	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years

\* Calculated on a straight-line basis over the below estimated useful lives, unless there is not a determinable finite useful life.

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

## Revaluations

Council dwellings, other land and buildings including schools, are required to be valued periodically. Asset valuations 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 or source any external valuation services. This ensures finance are made aware of all property issues affecting the Council,
- having an agreed rolling revaluation programme 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 minimum three 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.

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.

### **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 or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is 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
- thereafter, or if there is no balance in the Revaluation Reserve, 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.

### **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 £1.500 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.

## 20. Provisions

Provisions are charged as expenditure to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

## 21. 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 line 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.

## 22. Reserves

The Council sets aside useable earmarked reserves for future policy purposes or to cover contingencies. Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Council and there are no net impacts on council tax or rent.

## 23. Value Added Tax (VAT)

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.

### Critical judgements in applying accounting policies

Accounting policies are only applied to material Council transactions. 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 income and expenditure for the Council and its subsidiaries particularly as a result of the Covid-19 crisis. 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.
- 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/or 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.

### Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council's Balance Sheet at 31 March 2020 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties	Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of a discount factors for social housing etc. Valuations are undertaken by qualified Chartered Surveyors, or experts in the relevant field, 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. As a result of the impact of Covid-19, valuations on all property assets, irrespective of the basis of valuation, are reported on the basis of 'material valuation uncertainty' as per the RICS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. The Council's approach to undertaking valuations on a more frequent basis than the minimum 5 year period will ensure that any changes are captured as soon as possible in the next formal valuation.	Any changes to valuations and any associated depreciation charges to services for non-current assets are required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents.
Financial Instrument assets	These are reviewed annually for significant impairment using data such as historic risk of default and other reviews of recoverability.  For financial assets not quoted on a recognised exchange or where it is difficult to provide accounting valuations e.g. valuations of the Council's shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.	Any change in the fair value of Cardiff City Transport Services Ltd has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the Financial Instrument Adjustment Reserve.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify
Arrears	The Authority is 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 which may impact on collectability a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty	Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	<p>which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts which may, or may not be sufficient.</p>	
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, inflation, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This also includes market volatility for example as a result of Britain's departure from the European Union and Covid-19.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure.</p>



# Core Financial Statements and Notes to the Financial Statements



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 2) 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).

2018/19				2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
35,699	(1,416)	<b>34,283</b>	Corporate Management		19,663	(5,971)	<b>13,692</b>
75,961	(40,445)	<b>35,516</b>	Economic Development		53,977	(40,254)	<b>13,723</b>
344,198	(64,625)	<b>279,573</b>	Education & Lifelong Learning *		314,306	(77,419)	<b>236,887</b>
6,991	(1,067)	<b>5,924</b>	Governance & Legal Services		8,700	(2,223)	<b>6,477</b>
8,977	(6,073)	<b>2,904</b>	Harbour Authority		8,567	(5,724)	<b>2,843</b>
42,624	(77,654)	<b>(35,030)</b>	Housing Revenue Account		65,056	(81,412)	<b>(16,356)</b>
240,839	(194,522)	<b>46,317</b>	Housing and Communities		233,246	(184,215)	<b>49,031</b>
8,130	(4,767)	<b>3,363</b>	Performance and Partnerships		8,446	(5,499)	<b>2,947</b>
122,716	(52,699)	<b>70,017</b>	Planning , Transport and Environment		115,941	(52,453)	<b>63,488</b>
29,968	(10,477)	<b>19,491</b>	Resources		33,174	(11,288)	<b>21,886</b>
197,226	(24,084)	<b>173,142</b>	Social Services		211,533	(30,628)	<b>180,905</b>
3,688	(5,514)	<b>(1,826)</b>	Summary Revenue Account		2,870	(12,653)	<b>(9,783)</b>
<b>1,117,017</b>	<b>(483,343)</b>	<b>633,674</b>	<b>Net Cost of Services</b>		<b>1,075,479</b>	<b>(509,739)</b>	<b>565,740</b>
33,499	0	<b>33,499</b>	Police and Crime Commissioner for South Wales	3	37,469	0	<b>37,469</b>
367	0	<b>367</b>	Community Council Precepts		397	0	<b>397</b>
17,439	0	<b>17,439</b>	Levies & Contributions		17,696	0	<b>17,696</b>
9,106	(9,590)	<b>(484)</b>	(Gain)/loss on sale of non-current assets		4,642	(8,681)	<b>(4,039)</b>
<b>60,411</b>	<b>(9,590)</b>	<b>50,821</b>	<b>Other Operating Expenditure</b>		<b>60,204</b>	<b>(8,681)</b>	<b>51,523</b>
32,176	0	<b>32,176</b>	Interest Payable on debt	17	32,960	0	<b>32,960</b>
16,098	(11)	<b>16,087</b>	Interest on net defined benefit liability/(asset)*	15	14,810	0	<b>14,810</b>
0	(972)	<b>(972)</b>	Interest & Investment Income	17	0	(1,129)	<b>(1,129)</b>
5,066	(5,655)	<b>(589)</b>	Change in fair value of Investment Properties	2.2	6,566	(2,475)	<b>4,091</b>
<b>53,340</b>	<b>(6,638)</b>	<b>46,702</b>	<b>Financing and Investment Income &amp; Expenditure</b>		<b>54,336</b>	<b>(3,604)</b>	<b>50,732</b>
0	(49,018)	<b>(49,018)</b>	Recognised Capital Grants & Contributions	28	0	(41,333)	<b>(41,333)</b>
0	(325,564)	<b>(325,564)</b>	Revenue Support Grant		0	(328,126)	<b>(328,126)</b>
0	(115,383)	<b>(115,383)</b>	Non-Domestic Rates	6	0	(116,504)	<b>(116,504)</b>
2,282	(202,564)	<b>(200,282)</b>	Council Tax Income	5	(766)	(217,119)	<b>(217,885)</b>
131	0	<b>131</b>	Corporation Tax (CCRCD)		129	0	<b>129</b>
<b>2,413</b>	<b>(692,529)</b>	<b>(690,116)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>		<b>(637)</b>	<b>(703,082)</b>	<b>(703,719)</b>
		<b>41,081</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(35,724)</b>
		(45,320)	Revaluation Gains	27			(35,427)
		21,306	Revaluation Losses				



2018/19				2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
		2,399	Impairment losses on non-current assets charged to the Revaluation Reserve				2,357
		3,172	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				1,101
		(21,536)	Actuarial (gains)/losses on pension assets/liabilities	15			127,222
		<b>(39,979)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>107,211</b>
		<b>1,102</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>71,487</b>

The 2018/19 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2019/20.  
 \*The Education and Lifelong Learning directorate for 2018/19 reflects an adjustment for Central South Consortium Education Service

## Movement in Reserves

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, as they are for accounting purposes only.

	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
<b>Balance at 31 March 2018 carried forward</b>	<b>14,255</b>	<b>61,843</b>	<b>8,983</b>	<b>3,223</b>	<b>21,320</b>	<b>109,624</b>	<b>442,637</b>	<b>552,261</b>
Movement in Reserves during 2018/19								
Surplus or (deficit) on the provision of Services	(78,008)	0	36,927	0	0	(41,081)	0	(41,081)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	39,979	39,979
<b>Total Comprehensive Income and Expenditure</b>	<b>(78,008)</b>	<b>0</b>	<b>36,927</b>	<b>0</b>	<b>0</b>	<b>(41,081)</b>	<b>39,979</b>	<b>(1,102)</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	69,879	0	(39,655)	0	(12,832)	17,392	(17,392)	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(8,129)</b>	<b>0</b>	<b>(2,728)</b>	<b>0</b>	<b>(12,832)</b>	<b>(23,689)</b>	<b>22,587</b>	<b>(1,102)</b>
Transfers to/(from) Earmarked Reserves	8,129	(8,129)	2,728	(2,728)	0	0	0	0
<b>Increase/(Decrease) in 2018/19</b>	<b>0</b>	<b>(8,129)</b>	<b>0</b>	<b>(2,728)</b>	<b>(12,832)</b>	<b>(23,689)</b>	<b>22,587</b>	<b>(1,102)</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>14,255</b>	<b>53,714</b>	<b>8,983</b>	<b>495</b>	<b>8,488</b>	<b>85,935</b>	<b>465,224</b>	<b>551,159</b>
Movement in Reserves during 2019/20								
Surplus or (deficit) on the provision of Services	19,559	0	16,165	0	0	35,724	0	35,724
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(107,211)	(107,211)
<b>Total Comprehensive Income and Expenditure</b>	<b>19,559</b>	<b>0</b>	<b>16,165</b>	<b>0</b>	<b>0</b>	<b>35,724</b>	<b>(107,211)</b>	<b>(71,487)</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	(18,379)	0	(15,782)	0	2,418	(31,743)	31,743	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>2,418</b>	<b>3,981</b>	<b>(75,468)</b>	<b>(71,487)</b>
Transfers to/(from) Earmarked Reserves (note 26)	(1,180)	1,180	(383)	383	0	0	0	0
<b>Increase/(Decrease) in 2019/20</b>	<b>0</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>2,418</b>	<b>3,981</b>	<b>(75,468)</b>	<b>(71,487)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>89,916</b>	<b>389,756</b>	<b>479,672</b>

## Balance Sheet

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

31 March 2019		Note	31 March 2020
£000			£000
1,740,646	Property, Plant & Equipment	16	1,841,584
54,152	Heritage Assets		58,616
126,360	Investment Properties		178,521
2,222	Intangible assets including AUC		2,292
10,948	Long-term Investments	17	9,723
10,251	Long-term Debtors		8,701
<b>1,944,579</b>	<b>Total Long-Term Assets</b>		<b>2,099,437</b>
69,032	Short-term Investments	17	76,106
2,570	Held for Sale assets	18	1,860
2,266	Inventories		2,073
95,332	Short-term Debtors	19	132,643
20,873	Cash and Cash Equivalents	20	35,951
<b>190,073</b>	<b>Total Current Assets</b>		<b>248,633</b>
(13,306)	Short-term Borrowing	17	(29,625)
(106,584)	Short-term Creditors	21	(114,939)
(1,769)	Pension Strain	24	(1,496)
(6,100)	Provisions	23	(5,405)
(1,648)	Deferred Liabilities	25	(3,214)
<b>(129,407)</b>	<b>Total Current Liabilities</b>		<b>(154,679)</b>
(717,700)	Long-term Borrowing	17	(807,540)
(24,757)	Provisions	23	(24,812)
(11,700)	Deferred Liabilities	25	(9,261)
(14,485)	Capital Contributions Receipts in Advance	28	(17,430)
(12,412)	Revenue Grants Receipts in Advance		(13,854)
(782)	Capital Grants Receipts in Advance		(1,424)
(2,560)	Pension Strain	24	(3,688)
(669,690)	Net Pensions Liability	15	(835,710)
<b>(1,454,086)</b>	<b>Total Long-Term Liabilities</b>		<b>(1,713,719)</b>
<b>551,159</b>	<b>NET ASSETS</b>		<b>479,672</b>
	<b>Financed by:</b>		
14,255	Council Fund Balance		14,255
53,714	Council Fund Earmarked Reserves	26	54,894
8,983	Housing Revenue Account Balance		8,983
495	Housing Revenue Account Earmarked Reserves	26	878
8,488	Capital Receipts Reserve	26	10,906
<b>85,935</b>	<b>Usable Reserves</b>		<b>89,916</b>
268,598	Revaluation Reserve	27	288,041
864,171	Capital Adjustment Account		939,914
5,008	Deferred Capital Receipts		5,008
10,368	Financial Instruments Revaluation Reserve		9,267
(674,020)	Pensions Reserve		(840,894)
(8,901)	Accumulated Absences Adjustment Account		(11,580)
<b>465,224</b>	<b>Unusable Reserves</b>		<b>389,756</b>
<b>551,159</b>	<b>TOTAL RESERVES</b>		<b>479,672</b>

The 2018-19 figures have been amended to reflect final CCRC Accounts

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.

2018/19		Note	2019/20
£000			£000
41,082	Net (surplus) /deficit on the provision of services		(35,724)
(119,732)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30	(30,153)
59,214	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		51,307
<b>(19,436)</b>	<b>Net cash flows from operating activities</b>		<b>(14,570)</b>
133,361	Purchase of property, plant and equipment, investment property and intangible assets		151,540
35,000	Purchase of short-term and long-term Investments		7,000
(4,808)	Other payments for investing activities		(3,624)
(9,232)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,974)
(68,618)	Capital Grants and Contributions		(36,798)
<b>85,703</b>	<b>Net cash flows from investing activities</b>		<b>108,144</b>
(32,934)	Cash receipts from short-term and long-term borrowing		(111,060)
(4,437)	Other receipts from financing activities		(4,239)
4,288	Repayments of short-term and long-term borrowing		6,647
<b>(33,083)</b>	<b>Net cash flows from financing activities</b>		<b>(108,652)</b>
<b>33,184</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>		<b>(15,078)</b>
54,057	Cash and cash equivalents at the beginning of the reporting period		20,873
<b>20,873</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	20	<b>35,951</b>

## Notes to the 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.

Usable Reserves 2018/19				Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2019/20			Movement in Unusable Reserves
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	
£000	£000	£000	£000	£000	£000	£000	£000	£000	
					<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
					<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
	-	-	-			-	-	-	-
46,809	10,560	0	(57,369)		Charges for depreciation and impairment of Non-Current assets	49,618	13,090	0	(62,708)
51,314	(16,523)	0	(34,791)		Revaluation losses of Non-Current Assets	49,954	110	0	(50,064)
(19,961)	(35)	0	19,996		Reverse previous impairment on revaluation	(106,823)	(27)	0	106,849
798	163	0	(961)		Amortisation of Intangible Assets	1,172	0	0	(1,172)
(566)	(23)	0	589		Movements in the market value of Investment Properties	4,090	1	0	(4,091)
0	0	0	0		Movement in the value of Held for Sale Assets	0	0	0	0
(36,700)	(12,318)	0	49,018		Capital grants and contributions applied	(29,852)	(11,481)	0	41,333
9,295	0	0	(9,295)		Revenue expenditure funded from capital under statute	1,558	145	0	(1,703)
2,422	605	0	(3,027)		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	2,417	1,848	0	(4,265)
					<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>			0	
						-	-	0	
(26,635)	(11,413)	0	38,048		Statutory provision for the financing of capital investment	(24,055)	(12,807)	0	36,862
(1,651)	(9,469)	0	11,120		Capital expenditure charged against the Council Fund and HRA balances	(735)	(6,400)	0	7,135

Usable Reserves 2018/19				Adjustments between Accounting and Funding Basis	Usable Reserves 2019/20			
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves		Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
0	0	(22,037)	22,037	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(5,538)	5,538
0	20	(20)	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	3	(3)	0
0	0	11	(11)	Capital receipts set aside for the repayment of debt	24	0	(761)	737
				<b>Adjustments involving the Revaluation Reserve</b>	-	-	-	
(1,757)	(1,876)	9,212	(5,579)	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	(5,892)	(2,451)	8,720	(377)
				<b>Adjustments involving the Pensions Reserve:</b>	-	-	-	
91,338	4,497	0	(95,835)	Net retirement benefits as per IAS19	82,847	6,191	0	(89,038)
(44,107)	(3,784)	0	47,891	Employer's contributions to the Pension Scheme	(46,102)	(4,138)	0	50,240
(148)	(199)	0	347	Pension Strain Future Years	751	104	0	(854)
				<b>Adjustments involving the Accumulated Absences Adjustment Account</b>	-	-	-	
(572)	140	0	432	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.	2,650	30	0	(2,679)
				<b>Adjustments involving the Deferred Capital Receipts Reserve</b>	-	-	-	
0	0	2	(2)	Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	0	0
0	0	0	0	Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0
<b>69,879</b>	<b>(39,655)</b>	<b>(12,832)</b>	<b>(17,392)</b>	<b>Total Adjustments</b>	<b>(18,379)</b>	<b>(15,782)</b>	<b>2,418</b>	<b>31,743</b>

## 2. 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).

2018/19			Directorate	2019/20		
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
23,638	10,645	34,283	Corporate Management	26,290	(12,598)	13,692
7,141	28,375	35,516	Economic Development	4,425	9,298	13,723
261,913	17,660	279,573	Education & Lifelong Learning	272,812	(35,925)	236,887
5,612	312	5,924	Governance & Legal Services	6,136	341	6,477
0	2,904	2,904	Harbour Authority	0	2,843	2,843
0	(35,030)	(35,030)	Housing Revenue Account	0	(16,356)	(16,356)
43,484	2,833	46,317	Housing & Communities	44,416	4,615	49,031
3,020	343	3,363	Performance & Partnerships	2,616	331	2,947
40,571	29,446	70,017	Planning Transport and Environment	41,027	22,461	63,488
17,443	2,048	19,491	Resources	16,655	5,231	21,886
171,110	2,032	173,142	Social Services	177,241	3,664	180,905
34,983	(36,809)	(1,826)	Summary Revenue Account	31,971	(41,754)	(9,783)
<b>608,915</b>	<b>24,759</b>	<b>633,674</b>	<b>Net Cost of Services</b>	<b>623,589</b>	<b>(57,849)</b>	<b>565,740</b>
(558,589)	(34,004)	(592,593)	Other Income and Expenditure	(575,055)	(26,409)	(601,464)
<b>50,326</b>	<b>(9,245)</b>	<b>41,081</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>48,534</b>	<b>(84,258)</b>	<b>(35,724)</b>
	<b>Council Fund</b>	<b>HRA Balance</b>			<b>Council Fund</b>	<b>HRA Balance</b>
	14,255	8,983	Opening Balance as at 1 April		14,255	8,983
	0	0	Surplus/(Deficit)		0	0
	14,255	8,983	Closing Balance as at 31 March		14,255	8,983

The 2018/19 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2019/20.

## 2.1 Note to the Expenditure and Funding Analysis

The adjustments between Accounting and Funding basis are analysed further in the following table.

2018/19				Directorate	2019/20			
Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments		Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
8,363	22,823	(20,541)	10,645	Corporate Management	64	9,815	(22,477)	(12,598)
24,743	1,177	2,455	28,375	Economic Development	7,258	2,385	(345)	9,298
19,191	1,288	(2,819)	17,660	Education & Lifelong Learning	(38,090)	5,027	(2,862)	(35,925)
5	157	150	312	Governance & Legal Services	5	350	(14)	341
2,744	157	3	2,904	Harbour Authority	2,751	110	(18)	2,843
(5,793)	514	(29,751)	(35,030)	Housing Revenue Account	13,322	2,157	(31,835)	(16,356)
1,330	1,203	300	2,833	Housing and Communities	1,059	2,422	1,134	4,615
0	152	191	343	Performance & Partnerships	0	291	40	331
28,628	1,189	(371)	29,446	Planning Transport and Environment	20,082	2,954	(575)	22,461
1,383	1,066	(401)	2,048	Resources	1,625	2,551	1,055	5,231
335	1,343	354	2,032	Social Services	(69)	3,748	(15)	3,664
0	0	(36,809)	(36,809)	Summary Revenue Account	0	6	(41,760)	(41,754)
80,929	31,069	(87,239)	24,759	<b>Net Cost of Services</b>	8,007	31,816	(97,672)	(57,849)
(50,091)	16,087	0	(34,004)	Other Income and Expenditure from the Expenditure & Funding Analysis	(41,282)	14,810	63	(26,409)
30,838	47,156	(87,239)	(9,245)	<b>(Surplus) or Deficit on Provision of Services</b>	(33,275)	46,626	(97,609)	(84,258)

The 2018/19 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2019/20.



### ***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 GAAP. 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 Adjustments***

The 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.

## 2.2. Expenditure and Income Analysed by Nature

As well as by Directorate, the Council's expenditure and income analysed by type is shown below.

\*

2018/19		2019/20
£000		£000
489,988	Employee Benefits Expenses	521,284
555,732	Other Service Expenses	504,618
89,808	Depreciation, Amortisation & Impairment *	63,750
5,066	Change in Fair Value of Investment Properties	6,566
32,176	Interest Payments	32,960
51,305	Precepts & Levies	55,562
9,106	Loss on Sale of Non-Current Assets	4,642
<b>1,233,181</b>	<b>Total Expenditure</b>	<b>1,189,382</b>
(171,639)	Fees, Charges & Other Service Income	(218,636)
(5,655)	Change in Fair Value of Investment Properties	(2,475)
(972)	Interest and Investment Income	(1,129)
(643,511)	Income from Council Tax and Non-Domestic Rates **	(333,623)
(360,733)	Grants and Contributions **	(660,562)
(9,590)	Gain on Sale of Non-Current Assets	(8,681)
<b>(1,192,100)</b>	<b>Total Income</b>	<b>(1,225,106)</b>
<b>41,081</b>	<b>Surplus &amp; Deficit on the Provision of Services</b>	<b>(35,724)</b>

In 2018/19 revaluation figures expenses (£31.961m) were included within Depreciation, Amortisation & Impairment. In 2019/20 they are included within Other Service Expenses.

\*\* In 2018/19 Revenue Support Grant (£325.564m) was included in Income from Council Tax and Non-Domestic Rates. In 2019/20 it is included within Grants and Contributions.

## 3. Precepts and Levies

2018/19		2019/20
£000		£000
	<b>Precepts</b>	
33,499	Police and Crime Commissioner for South Wales	37,469
	Community Councils:	
34	- Lisvane	39
143	- Pentyrch	155
122	- Radyr	124
18	- St Fagans	21
30	- Old St Mellons	37
20	- Tongwynlais	21
<b>33,866</b>	<b>Total Precepts</b>	<b>37,866</b>
	<b>Levies &amp; Contributions</b>	
17,181	South Wales Fire and Rescue Service	17,438
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	114
5	Newport Health Authority	5
<b>17,439</b>	<b>Total Levies and Contributions</b>	<b>17,696</b>

#### 4. Participation in Joint Committees

During 2019/20 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. The Statement of Accounts for each Joint Committee will be available on the lead authority's website.

2018/19	Committee	Purpose	Lead Authority	2019/20
£000				£000
239	Cardiff Capital Region City Deal* (CCRCD)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	258
1,523	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,453
209	Glamorgan Archives*	Management and administration of the Glamorgan Records Office	Cardiff Council	209
27	Prosiect Gwyrdd*	To manage residual waste treatment	Cardiff Council	27
576	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	631
5,110	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	4,911
<b>7,684</b>	<b>Total</b>			<b>7,489</b>

In previous years, the Council has included its share of the transactions and balances of each Joint Committee in its accounting statements. This was reviewed in 2019/20 to include the contributions to each Joint Committee as outlined in table above, except for CCRCD where the Council continues to show its share of transactions and balances in its accounting statements.

Capital contributions to CCRCD in respect to the Wider Investment Fund are included in the core financial statements but not shown in the table above. No capital contributions were made in 2019/20 (£2.920 million for 2018/19).

#### 5. 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, totaled across all bands and adjusted for discounts. Cardiff's Council Tax base for 2019/20 was 145,499 (143,453 for 2018/19).

The amounts for a band D property in Cardiff during 2019/20 were as follows:

2018/19	Band D Council Tax:	2019/20
£		£
1,155	Cardiff Council	1,211
234	Police and Crime Commissioner for South Wales	258
<b>1,389</b>	<b>Total</b>	<b>1,469</b>

The above amount (£1,469) 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.

### Analysis of property bandings

Band	A*	A	B	C	D	E	F	G	H	I	Totals
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	
No of Band D equivalent dwellings	4	1,984	12,492	24,767	30,282	28,871	26,155	14,974	5,069	3,067	147,665
Apply Collection rate										98.50%	145,450
Plus Class O-( Ministry of Defence) dwellings											49
Council Tax Base											145,499

### Analysis of the net proceeds from Council Tax:

2018/19		2019/20
£000		£000
(202,564)	Council Tax collectable	(217,119)
2,282	Impairment for non-payment of Council Tax	(766)
<b>(200,282)</b>	<b>Net proceeds</b>	<b>(217,885)</b>
	Represented by:	
33,866	Precepts	37,866
166,416	Council Tax attributable to the Council	180,019

The cumulative impairment for non-payment of Council Tax held at the 31 March 2020 is £6.920 million (£8.730 million at 31 March 2019).

### Council Tax that is past due but not impaired:

31 March 2019		31 March 2020
£000		£000
272	Debts less than one year	3,184
288	Debts between two and 5 years	1,258
30	Debts over five years	113
<b>590</b>	<b>Total Council Tax due but not impaired</b>	<b>4,555</b>

## 6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (52.6p in 2019/20 and 51.4p in 2018/19) 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 Councils on the basis of a fixed amount per head of population. The rateable value was £460.510 million for 2019/20 (£458.132 million 2018/19). An analysis of the net proceeds from non-domestic rates is shown below:

2018/19		2019/20
£000		£000
194,593	Non-Domestic Rates collectable	200,116
(903)	Cost of collection allowance	(919)
(2,658)	Impairment for non-payment	(3,869)
<b>191,032</b>	<b>Payment into national pool</b>	<b>195,328</b>
<b>(115,383)</b>	<b>Redistribution from national pool</b>	<b>(116,504)</b>

## 7. Agency Income and Expenditure

The Council acted 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 £5.095 million at 31 March 2020 (£9.452 million at 31 March 2019) 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 2020 the Welsh Government had provided £2.736 million of funding, of which £759,000 is outstanding as loans provided. The balance available for new loans was £1.977 million (£1.877 million at 31 March 2019).
- Home Improvement loans – provide loans for home improvements. At 31 March 2020 the Welsh Government had provided £1.062 million of funding, of which £646,000 is outstanding as loans provided leaving a balance available for new loans of £416,000.
- Covid-19 Business Grants. The Council distributed grants to eligible business on behalf of the Welsh Government totaling £23.265 million and this is shown within the debtors balance at 31 March 2020.

### South Wales Trunk Road Agency

The total reimbursement received by the Council was £294,000 in 2019/20 (£393,000 in 2018/19).

### FOR Cardiff

This is a partnership between the local business community and the Council to form a Business Improvement District in a defined area within the city centre. 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. Further information is available on their website <https://www.forcardiff.com>. The Council collects the income and pays this over to FOR Cardiff. This totaled £1.460 million in 2019/20 (£1.620 million in 2018/19).

### Prosiect Gwyrdd

The Council is responsible for the payments to Viridor to provide waste treatment in relation to residual waste. The Council made payments of £9.207 million in 2019/20 (£9.476 million in 2018/19) on behalf of all the partners.

## 8. Remuneration

**8.1** 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 2019/20 was 1:7 (1:7 in 2018/19). The median full time equivalent earnings for 2019/20 was £25,901 (£25,105 in 2018/19). These figures include staff directly employed by the governing bodies of schools including a Voluntary-Controlled and a Foundation school and several Voluntary-Aided schools, as well as those employed by the Council.

**8.2** The Accounts and Audit (Wales) Regulations 2014 also require 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 senior officers whose remuneration is disclosed in more detail in note 8.3. The table excludes any staff paid via agency.

The remuneration bands 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 table separately identifies individuals directly employed by the governing bodies of schools including several Voluntary-Aided, Voluntary-Controlled and Foundation schools, as well as those employed 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 following table.

Number of Employees		Remuneration band £	Number of Employees	
2018/19			2019/20	
Non Schools	Schools		Non Schools	Schools
9	65	60,000-64,999	13	57
19	31	65,000-69,999	19	44
1	12	70,000-74,999	3	13
3	8	75,000-79,999	1	8
6	9	80,000-84,999	1	8
0	6	85,000-89,999	7	6
2	1	90,000-94,999	0	5
1	3	95,000-99,999	1	3
1	2	100,000-104,999	1	1
0	1	105,000-109,999	0	2
0	1	110,000-114,999	0	0
0	0	115,000-119,999	0	0
4	2	120,000-124,999	0	1
0	1	125,000-129,999	4	3
0	0	130,000-134,999	0	0
2	1	135,000-139,999	2	0
0	0	140,000-144,999	0	0
0	0	145,000-149,999	0	0
0	1	150,000-154,999	0	0
0	0	155,000-159,999	0	1
0	0	160,000-164,999	0	0
0	0	165,000-169,999	0	1

Number of Employees		Remuneration band £	Number of Employees	
2018/19			2019/20	
Non Schools	Schools		Non Schools	Schools
0	0	170,000-174,999	0	0
1	0	175,000-179,999	0	0
0	0	180,000-184,999	1	0
<b>49</b>	<b>144</b>	<b>Total</b>	<b>53</b>	<b>153</b>

### 8.3 Shown in the tables below are remuneration details as required by regulation:

- senior employees who form part of the Council's Senior Management Team (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.
- senior employees whose salary is £150,000 or more on an annualised basis are identified by name.
- the table does not include senior employees in schools.

Remuneration also includes the cost of any additional contributions that 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 2019/20 (£0 in 2018/19)

2018/19 Total remuneration including pension contributions £	2019/20  Post title	Note	Salary, fees and allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (23.5% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non- taxable) £	Enhancement of Retirement Benefits £			
218,453	Chief Executive - Paul Orders	(a)	180,423	0	0	0	0	42,399	222,822	
135,265	Corporate Director Resources & Section 151 Officer	(a)	767	0	0	0	0	0	767	Relinquished S151 duties 10/03/2019. Left the Council 02/04/2019.
9,430	Corporate Director Resources & Section 151 Officer		137,970	0	0	0	0	32,423	170,393	Commenced 11/03/2019.
167,052	Corporate Director People and Communities		137,970	0	0	0	0	32,423	170,393	
154,202	Director Planning, Transport & Environment		127,357	0	0	0	0	29,929	157,286	
154,202	Director Economic Development		127,357	0	0	0	0	29,929	157,286	



2018/19 Total remuneration including pension contributions £	2019/20 Post title	Note	Salary, fees and allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (23.5% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
154,365	Director Education & Lifelong Learning		97,640	0	0	0	0	12,470	110,110	Reduced hours from 01/09/2019. Annualised salary £127,357.
153,872	Director Governance & Legal Services & Monitoring Officer		127,357	0	0	0	0	28,781	156,138	
112,336	Director Social Services		127,357	0	0	0	0	29,929	157,286	Commenced 09/07/2018.
12,634	Director Social Services		0	0	0	0	0	0	0	Left the Council 30/04/2018.
123,790	Chief Digital Officer		102,240	0	0	0	0	24,026	126,266	
10,225	Assistant Director Adult Services		0	0	0	0	0	0	0	Left the Council 06/05/2018.
19,732	Assistant Director Adult Services		86,603	0	0	0	0	20,352	106,955	Commenced 24/01/2019.
73,704	Assistant Director Children's Services	(b)	0	0	0	0	0	0	0	Left the Council 12/10/2018.
82,123	Assistant Director Children's Services - Deborah Driffield	(b)	199,849	0	0	0	0	0	199,849	Commenced 13/09/2018. Annualised salary £86,603.
106,725	Assistant Director Commercial Services		0	0	0	0	0	0	0	Post deleted 30/09/2018.
96,965	Assistant Director Education & Lifelong Learning		0	0	0	0	0	0	0	Left the Council 03/03/2019.
0	Assistant Director Education & Lifelong Learning		50,518	0	0	0	0	11,872	62,390	Commenced 01/09/2019. Annualised salary £86,603.
104,858	Assistant Director Housing & Communities		86,603	0	0	0	0	20,352	106,955	

2018/19 Total remuneration including pension contributions £	2019/20 Post title	Note	Salary, fees and allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (23.5% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
82,876	Assistant Director Street Scene		86,603	0	0	0	0	20,352	106,955	Post commenced 20/06/2018.
0	Programme Director - Schools Organisation Programme		71,688	0	0	0	0	16,636	88,324	Commenced 03/06/2019. Annualised salary £86,603.
104,858	Chief Human Resources Officer		86,603	0	0	0	0	20,352	106,955	
104,858	Head of Finance		86,603	0	0	0	0	20,352	106,955	
92,687	Head of Performance & Partnerships		0	0	0	0	0	0	0	Left the Council 17/02/2019.
0	Head of Performance & Partnerships		81,551	0	0	0	0	20,031	101,582	Commenced 22/04/2019. Annualised salary £86,603.

Page 82

- a) In addition to the remuneration fees detailed in the table above, Corporate Director Resources received fees relating to Returning Officer duties of £652.41 in 2018/19. This role was transferred to the Chief Executive and any subsequent fees were waived for this role in 2019/20.
- b) During 2019/20 agency invoices of £199,849 (£155,827 in 2018/19) were paid for services received in 2019/20 as Assistant Director Children's Services.

## 8.4 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 loss of employment through either voluntary or compulsory redundancy. The second element is the pension strain cost which is paid by the Council to the Pension Fund over a five year period.

2018/19				Exit package cost band (including special payments)	2019/20			
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 £		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 £
44	102	146	1,204,141	£0 - £20,000	64	85	149	1,052,522
5	57	62	1,522,036	£20,001 – £40,000	11	46	57	1,469,225
1	7	8	418,560	£40,001 – £60,000	3	7	10	478,119
1	3	4	267,582	£60,001 – £80,000	1	5	6	426,406
0	5	5	470,239	£80,001 – £100,000	0	4	4	354,718
0	4	4	482,765	£100,001 – £150,000	0	3	3	355,610
0	0	0	0	£150,001 – £200,000	0	3	3	491,430
<b>51</b>	<b>178</b>	<b>229</b>	<b>4,365,323</b>	<b>Total</b>	<b>79</b>	<b>153</b>	<b>232</b>	<b>4,628,030</b>

Compulsory Redundancies include temporary and fixed term contracts ending after 2 years

## 8.5 Members Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2019/20 was £1.340 million (£1.320 million in 2018/19). As required by the Code, this figure includes all remuneration paid to members including basic and special allowances, care allowances and directly reimbursed expenses.

## 9. 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 transactions are included in the Housing & Communities line of the Comprehensive Income and Expenditure Statement.

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018, initially for one year, however, the agreement has been extended to also cover the 2019/20 financial year. Cardiff Council has acted as host authority during both years of the agreement. The Cardiff Council transactions are included in the Social Services line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2020 are as follows:

2018/19 £000			2019/20 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		<b>Expenditure</b>		
1,832	0	Equipment	1,735	0
102	0	Contribution to Overheads	102	0
0	60,844	Care Home costs	0	64,412
<b>1,934</b>	<b>60,844</b>	<b>Total Expenditure</b>	<b>1,837</b>	<b>64,412</b>
		<b>Funding</b>		
(1,289)	(27,408)	Cardiff and Vale University Health Board	(1,292)	(29,064)
(391)	(24,099)	Cardiff Council	(337)	(24,771)
(212)	(9,337)	Vale of Glamorgan Council	(208)	(10,577)
<b>(1,892)</b>	<b>(60,844)</b>	<b>Total Funding</b>	<b>(1,837)</b>	<b>(64,412)</b>
<b>42</b>	<b>0</b>	<b>(Surplus)/Deficit transferred to Reserve</b>	<b>0</b>	<b>0</b>

## 10. 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. For 2019/20, financial transactions with the Welsh Government totaled £746,000 of expenditure and £420.657 million of income. At the year-end, in addition to financial instruments (Note 17) and expenditure incurred as an agent for Welsh Government (Note 7), no money was owed to Welsh Government and £3.719 million was owed from Welsh Government.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2019/20 is shown in note 8. Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. This is available on the Councils Website <https:cardiff.moderngov.co.uk/mgMemberIndex>.

During 2019/20, goods and services totaling £919,000 were commissioned from organisations in which members had an interest and there was no money owed from these organisations to the Authority at the end of the year (£28.954 million in 2018/19). The Authority provided goods and services to these organisations to the value of £109,000 and was owed £59,000 from these organisations. The largest payments were made to the Huggard Centre who received goods and services from the Authority of

£700,000, and the Authority provided goods and services of £53,000. The Council was owed £51,000 at the end of the year.

These organisations also received grants totaling £209,000 during the year with the Huggard Centre receiving £208,000. The relevant members did not take part in any discussion or decision relating to the grants.

Officer's emoluments are shown in note 8. In 2019/20, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£20,000 in 2018/19). For goods and services provided, income of £99,000 was received in 2019/20 (£245,000 in 2018/19). Of this income, £49,000 is also included in the income for members as there are officers and members represented on the board.

Subsidiary Companies include Cardiff City Transport Services (Cardiff Bus), Cardiff Business Technology Centre (CBTC), and Atebion Solutions Ltd. Details of transactions with these companies are shown in note 22 to the Core Financial Statements.

Pension Fund contributions paid to the Fund are shown in note 15.

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 3 to the Core Financial Statements. Separate to the precept, the Council made payments of £78,000 to Police and Crime Commissioner for South Wales during 2019/20 (£41,000 in 2018/19).

## 11. External Audit Costs

2018/19		2019/20
£000		£000
382	Fees payable to Wales Audit Office for external audit services	382
65	Fees payable to Wales Audit Office for the certification of grant claims	50
20	Fees payable to Wales Audit Office for other financial audit work	20
<b>467</b>	<b>Total</b>	<b>452</b>

## 12. 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 2019/20:

2018/19		2019/20
£000		£000
1,275	Property Leases	1,340
2,316	Other Leases	2,022
<b>3,591</b>		<b>3,362</b>

The Council was committed at 31 March 2020 to making payments of £13.989 million under operating leases (£12.228 million at 31 March 2019) comprising the following elements:

31 March 2019			31 March 2020	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		<b>Minimum lease payments</b>		
1,217	2,003	Not later than one year	1,173	2,143
1,529	3,355	Later than one year but not later than five years	1,019	2,833
4,119	5	Later than five years	6,791	30
<b>6,865</b>	<b>5,363</b>		<b>8,983</b>	<b>5,006</b>

### Finance Leases

There were no finance leases at 31 March 2020 (none in 2018/19) 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 £7.235 million in 2019/20 (£5.608 million in 2018/19).

The Council was committed as at 31 March 2020 to receiving income of £486.632 million (£420.966 million as at 31 March 2019) under operating leases for Land & Buildings comprising the following elements:

31 March 2019 £000	Minimum Income	31 March 2020 £000
5,188	Not later than one year	8,647
16,984	Later than one year and not later than five years	29,385
398,794	Later than five years	448,600
<b>420,966</b>		<b>486,632</b>

### Finance Leases

The Council does not provide any leases of this type.

## 13. Investment Properties

The following items have been accounted for in the Economic Development line in the Comprehensive Income and Expenditure Statement:

2018/19 £000		2019/20 £000
(5,688)	Rental income from investment property	(6,231)
1,839	Direct operating expenses arising from investment property	2,011
<b>(3,849)</b>	<b>Net (gain) / loss</b>	<b>(4,220)</b>

Subject to the terms and conditions of individual lease arrangements, the Council does have contractual obligations to repair, maintain or enhance certain properties.

## 14. Prudent Revenue Provision

The Council is required to set aside annually from its revenue budget, 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 of 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.

2018/19		2019/20
£000		£000
26,635	Council Fund revenue provision	24,055
11,413	Housing Revenue Account provision	12,807
<b>38,048</b>	<b>Prudent revenue provision</b>	<b>36,862</b>

## 15. Pensions

### Participation in Pension Schemes

As part of the terms and conditions of employment of its 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:

- 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, it is 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 Council's contributions to the scheme.

In 2019/20 the Council paid £25.973 million in respect of teachers' pension costs, which represents 16.5% of teachers' pensionable pay for April to August and 23.7% of teachers' pensionable pay for September to March (£20.104 million representing 16.5% of teachers' pensionable pay in 2018/19). 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 its liabilities and assets.

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

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

### Transactions relating to retirement benefits

The core financial 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 amount 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 by Cardiff Council in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2018/19				2019/20		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000		£000	£000	£000
			<b>Comprehensive Income and Expenditure Statement (CIES)</b>			
			<b>Net Cost of Services</b>			
55,670	0	<b>55,670</b>	Current Service Cost	70,650	0	<b>70,650</b>
22,348	1,250	<b>23,598</b>	Past Service Costs	10,550	0	<b>10,550</b>
			<b>Financing &amp; Investment Income and Expenditure</b>			
14,760	1,180	<b>15,940</b>	Interest on net defined benefit liability/(asset)	13,680	1,130	<b>14,810</b>
<b>92,778</b>	<b>2,430</b>	<b>95,208</b>	<b>Net charge to CIES</b>	<b>94,880</b>	<b>1,130</b>	<b>96,010</b>
			<b>Remeasurement of the net Defined Liability comprising</b>			



(52,880)	0	<b>(52,880)</b>	Returns on Plan Assets excluding amounts included in net interest	168,680	0	<b>168,680</b>
102,180	1,480	<b>103,660</b>	Actuarial losses arising from changes in Financial assumptions	(57,738)	(500)	<b>(58,238)</b>
(76,170)	(2,260)	<b>(78,430)</b>	Actuarial gains arising from changes in demographic assumptions	(28,360)	(1,890)	<b>(30,250)</b>
2,880	3,900	<b>6,780</b>	Other experience and Actuarial adjustments	47,260	(230)	<b>47,030</b>
<b>(23,990)</b>	<b>3,120</b>	<b>(20,870)</b>	<b>Total Remeasurements recognised in Other Comprehensive Income</b>	<b>129,842</b>	<b>(2,620)</b>	<b>127,222</b>
<b>68,788</b>	<b>5,550</b>	<b>74,338</b>	<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>224,722</b>	<b>(1,490)</b>	<b>223,232</b>

2018/19				2019/20		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Movement in Reserves Statement</b>			
(92,778)	(2,430)	<b>(95,208)</b>	Reversal of net charges made for retirement benefits in accordance with IAS19	(94,880)	(1,130)	<b>(96,010)</b>
			<b>Actual amount charged against Council Tax in respect of pensions for the year</b>			
44,540	0	<b>44,540</b>	Employers contributions payable to the scheme	47,130	0	<b>47,130</b>
0	3,350	<b>3,350</b>	Payments in respect of unfunded pensions liabilities *	0	3,110	<b>3,110</b>
<b>44,540</b>	<b>3,350</b>	<b>47,890</b>	<b>Total</b>	<b>47,130</b>	<b>3,110</b>	<b>50,240</b>

\* 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 Taf (RCT) Council on behalf of the Council.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. In July 2020, the UK Government published proposals for consultation on a remedy to address the McCloud issue. The pension fund actuary, Aon Hewitt, has based the estimate on the major provisions of the estimate, however there remains some uncertainty over the final outcome which will not be clarified until late 2020-21 at the earliest.

## Reconciliation of funded status to Balance Sheet

31 March 2019				31 March 2020		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(1,820,380)	(46,520)	<b>(1,866,900)</b>	Opening present value of liabilities	(1,931,978)	(48,720)	<b>(1,980,698)</b>
(55,670)	0	<b>(55,670)</b>	Current service cost	(70,650)	0	<b>(70,650)</b>
(46,800)	(1,180)	<b>(47,980)</b>	Interest cost	(45,280)	(1,130)	<b>(46,410)</b>
(11,240)	0	<b>(11,240)</b>	Contributions by participants	(11,990)	0	<b>(11,990)</b>
(28,890)	(3,120)	<b>(32,010)</b>	Remeasurements in Other Comprehensive Income (OCI)	38,838	2,620	<b>41,458</b>
53,350	3,350	<b>56,700</b>	Net benefits paid out *	56,890	3,110	<b>60,000</b>
(22,348)	(1,250)	<b>(23,598)</b>	Past service cost	(10,550)	0	<b>(10,550)</b>
<b>(1,931,978)</b>	<b>(48,720)</b>	<b>(1,980,698)</b>	<b>Closing present value of liabilities</b>	<b>(1,974,720)</b>	<b>(44,120)</b>	<b>(2,018,840)</b>
1,230,630	0	<b>1,230,630</b>	Opening fair value of assets	1,317,980	0	<b>1,317,980</b>
32,040	0	<b>32,040</b>	Interest income on assets	31,600	0	<b>31,600</b>
52,880	0	<b>52,880</b>	Remeasurement gains/(losses) on assets	(168,680)	0	<b>(168,680)</b>
44,540	0	<b>44,540</b>	Contributions by employer	47,130	3,110	<b>50,240</b>
11,240	0	<b>11,240</b>	Contributions by participants	11,990	0	<b>11,990</b>
(53,350)	0	<b>(53,350)</b>	Net benefits paid out *	(56,890)	(3,110)	<b>(60,000)</b>
<b>1,317,980</b>	<b>0</b>	<b>1,317,980</b>	<b>Closing fair value of assets</b>	<b>1,183,130</b>	<b>0</b>	<b>1,183,130</b>
<b>(613,998)</b>	<b>(48,720)</b>	<b>(662,718)</b>	<b>Net pension asset /(liability)*</b>	<b>(791,590)</b>	<b>(44,120)</b>	<b>(835,710)</b>

\*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.

The Covid-19 pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, the year-end valuation reports provided to Cardiff and Vale of Glamorgan Pension Fund include a statement that there is a material valuation uncertainty in respect of pooled property investments managed on behalf of the pension fund as at 31 March 2020. The total value of these affected investments as at 31 March 2020 is £106.746m of which, £62.660m (58.7%) is attributable to the Council.

There has been a significant increase in the pension liability at 31 March 2020 as compared to the previous year. This is due to a large decrease in the value of assets as a result of the impact of Covid-19 on financial markets. However, it is important to note that this is a snap shot of the position as at 31 March 2020. The Pension Fund is a defined benefit scheme, which means that members' benefits are not linked to stock market performance. The Pension Fund is a long term investor and members can be assured that contributions are reviewed as part of the triennial valuation. Since 31 March the financial markets have shown signs of improvement which will have a positive impact on the value of assets but significant uncertainty remains within the financial markets.

## Contributions for year ending 31 March 2021

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2021 are estimated to be £45.941 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 2021 the Council expects to pay £3.171 million directly to beneficiaries.

### Basis for estimating assets and liabilities

The principal assumptions used by the independent qualified actuaries in updating the full March 2019 valuation figures as at 31 March 2020, for IAS19 purposes, are shown in the following table:

31 March 2019	Assumptions	31 March 2020
	<b>Longevity at 45 for Current Pensioners (years)</b>	
23.0	Men	23.2
25.9	Women	26.0
	<b>Longevity at 65 for Current Pensioners (years)</b>	
22.4	Men	22.2
24.8	Women	24.6
	<b>Rates</b>	
2.2%	Rate of Inflation - Consumer Price Index (CPI)	2.0%
3.2%	Rate of general increase in salaries*	3.0%
2.2%	Rate of increase to pensions in payment**	2.0%
2.2%	Rate of increase to deferred pensions	2.0%
2.4%	Discount rate for scheme liabilities	2.3%

\*The assumed rate of general salary increase has been set as 1% above the CPI assumption which is consistent with the assumption used at the 2019 valuation

\*\* The recommended pension increase assumption has been set as being equal to recommended CPI inflation assumption

### 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 Council does not invest in property or assets related to itself. However it is possible 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 2019			Assets	31 March 2020		
Quoted %	Unquoted %	Total %		Quoted %	Unquoted %	Total %
59.7	4.0	63.7	Equities	62.7	3.6	66.3
7.7	0.0	7.7	Property	6.9	0.0	6.9
10.7	0.0	10.7	Government Bonds	9.5	0.0	9.5
11.0	0.0	11.0	Corporate Bonds	15.8	0.0	15.8
1.5	0.0	1.5	Cash	1.4	0.0	1.4
5.4	0.0	5.4	Other*	0.1	0.0	0.1
<b>96.0</b>	<b>4.0</b>	<b>100.0</b>	<b>Total</b>	<b>96.4</b>	<b>3.6</b>	<b>100.0</b>

\*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments.

**History of Asset Values, Present Value of Liabilities and Surplus/ (Deficit)**

	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
	£000	£000	£000	£000	£000
Fair value of assets	1,014,120	1,198,860	1,230,630	1,317,980	1,183,130
Present value of funded liabilities	(1,513,150)	(1,730,930)	(1,820,380)	(1,931,978)	(1,974,720)
Present value of unfunded liabilities	(46,650)	(47,490)	(46,520)	(48,720)	(44,120)
<b>Surplus/(deficit)</b>	<b>(545,680)</b>	<b>(579,560)</b>	<b>(636,270)</b>	<b>(662,718)</b>	<b>(835,710)</b>

**Sensitivity Analysis of Present Value of Funded Liabilities**

Results of sensitivity are shown below, in each case, only the assumption mentioned is altered and all other assumptions remain the same. The sensitivity of unfunded benefits is not included on materiality grounds.

<b>Funded Defined Benefit Obligation £1,974,700</b>	<b>+0.1% p.a</b>		<b>-0.1% p.a</b>	
<b>Change in Assumptions on Present value of the funded defined benefit obligations</b>	<b>£000</b>	<b>% Increase /Decrease to Employee Liability</b>		<b>£000</b>
Adjustment to Discount rate	1,935,210	-2.0%	2.1%	2,016,170
Adjustment to Salary Increase rate	1,978,650	0.2%	-0.2%	1,970,750
Adjustment to Pension Increase rate	2,012,220	1.9%	-1.8%	1,939,160
Adjustment to Mortality rate	2,037,890	3.2%	-3.2%	1,911,510

## 16. Non-Current Assets

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
Movements in Cost or Values	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2018</b>	<b>574,175</b>	<b>744,085</b>	<b>37,887</b>	<b>624,214</b>	<b>19,736</b>	<b>39,572</b>	<b>67,725</b>	<b>2,107,394</b>
Additions	22,682	45,396	6,462	18,396	10	3,844	23,270	120,060
Revaluations Increases/(Decreases) recognised in the RR*	17,507	(1,854)	0	0	0	(1,833)	0	13,820
Revaluations Increases/(Decreases) recognised in the SDPS**	(9,008)	(46,606)	0	0	0	130	156	(55,328)
Impairment Losses/Reversals to RR	0	(174)	0	0	0	(2,225)	0	(2,399)
Impairment Losses/Reversals to SDPS	(133)	(756)	0	0	0	(2,784)	(78)	(3,751)
Derecognition - Disposals	(711)	(2,608)	(3,932)	0	0	(81)	0	(7,332)
Reclassified (to)/from Held for Sale	0	0	0	0	0	(1,695)	0	(1,695)
Other Reclassifications - Transfers	277	42,387	795	6,748	60	3,271	(63,129)	(9,591)
<b>31 March 2019</b>	<b>604,789</b>	<b>779,870</b>	<b>41,212</b>	<b>649,358</b>	<b>19,806</b>	<b>38,199</b>	<b>27,944</b>	<b>2,161,178</b>
Additions	29,643	12,993	4,000	13,913	82	1,823	28,922	91,376
Revaluations Increases/(Decreases) recognised in the RR	0	645	0	0	0	6,709	0	7,354
Revaluations Increases/(Decreases) recognised in the SDPS	0	45,939	0	0	0	(1,717)	0	44,222
Impairment Losses/Reversals to RR	0	(1,940)	0	0	0	(417)	0	(2,357)
Impairment Losses/Reversals to SDPS	(168)	(2,884)	0	0	0	(1,292)	(152)	(4,496)
Derecognition - Disposals	(295)	0	(4,319)	0	0	(1,645)	0	(6,259)
Write Out of Joint Committees	0	0	(153)	0	0	0	0	(153)
Reclassified (to)/from Held for Sale	0	0	0	0	0	420	0	420
Other Reclassifications - Transfers	16,717	6,387	20	1,139	9	2,460	(26,732)	0
<b>31 March 2020</b>	<b>650,686</b>	<b>841,010</b>	<b>40,760</b>	<b>664,410</b>	<b>19,897</b>	<b>44,540</b>	<b>29,982</b>	<b>2,291,285</b>
<b>Movements in Depreciation/Impairment</b>								
<b>1 April 2018</b>	<b>25,971</b>	<b>40,178</b>	<b>22,653</b>	<b>333,039</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>421,841</b>
Depreciation Charge	9,908	17,307	5,422	21,217	0	0	0	53,854
Depreciation written out on Impairment	0	(130)	0	0	0	0	0	(130)
Depreciation written out to the RR	0	(10,192)	0	0	0	0	0	(10,192)
Depreciation written out to the SDPS	(25,971)	(14,759)	0	0	0	0	0	(40,730)
Derecognition - Disposals	0	(147)	(3,897)	0	0	0	0	(4,044)
Reclassifications - Transfers	0	(67)	0	0	0	0	0	(67)
<b>31 March 2019</b>	<b>9,908</b>	<b>32,190</b>	<b>24,178</b>	<b>354,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>420,532</b>
Depreciation Charge	10,908	20,895	5,336	20,877	0	0	0	58,016
Depreciation written out on Impairment	0	(450)	0	0	0	0	0	(450)
Depreciation written out to the RR	0	(11,446)	0	0	0	0	0	(11,446)
Depreciation written out to the SDPS	0	(12,564)	0	0	0	0	0	(12,564)
Derecognition - Disposals	(4)	0	(4,295)	0	0	0	0	(4,299)
Write Out of Joint Committees	0	0	(32)	0	0	0	0	(32)
Reclassifications - Transfers	0	(56)	0	0	0	0	0	(56)

<b>31 March 2020</b>	<b>20,812</b>	<b>28,569</b>	<b>25,187</b>	<b>375,133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>449,701</b>
Net Book Value								
<b>At 31 March 2019</b>	<b>594,881</b>	<b>747,680</b>	<b>17,034</b>	<b>295,102</b>	<b>19,806</b>	<b>38,199</b>	<b>27,944</b>	<b>1,740,646</b>
<b>At 31 March 2020</b>	<b>629,874</b>	<b>812,441</b>	<b>15,573</b>	<b>289,277</b>	<b>19,897</b>	<b>44,540</b>	<b>29,982</b>	<b>1,841,584</b>

2018-19 figures have been amended to reflect reclassification of the asset within the CCRC Group

Opening balances on other Land and Buildings have been restated for presentational purposes only

\* RR = Revaluation Reserve

\*\* SDPS = Surplus or deficit on Provision of Services

## Heritage Assets

2018/19		2019/20
£000		£000
<b>54,099</b>	<b>Balance at 1 April</b>	<b>54,152</b>
53	Additions	231
0	Revaluation increases /(decreases) to RR	4,233
<b>54,152</b>	<b>Balance at 31 March</b>	<b>58,616</b>

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. In addition 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 <https://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](http://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 a valuation of £42.594 million undertaken externally as at 1 April 2019, 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.

### Investment Properties

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

2018/19 £000		2019/20 £000
<b>103,820</b>	<b>Balance at 1 April</b>	<b>126,360</b>
12,679	Additions	58,624
(185)	Impairment	(6,413)
(318)	Disposals	(2,393)
0	Reclassified (to) / from Held for Sale	0
9,591	Other Reclassifications	0
0	Revaluation increases / (decreases) to RR*	0
774	Revaluation increases / (decreases) to SDPS**	2,343
<b>126,360</b>	<b>Balance at 31 March</b>	<b>178,521</b>

2018-19 figures have been amended to reflect reclassification of the asset within the CCRC Group

\* Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

### Intangible Assets

Movements in intangible assets during 2019/20 are summarised as follows:

2018/19 Total £000		2019/20		
		Other Intangible Assets £000	Intangible AUC £000	Total £000
	<b>Cost or Valuation</b>			
<b>8,835</b>	<b>Balance at 1 April</b>	<b>9,317</b>	<b>0</b>	<b>9,317</b>
482	Additions	1,309	0	1,309
0	Write out of Joint Committees	(67)	0	(67)
<b>9,317</b>	<b>Balance at 31 March</b>	<b>10,559</b>	<b>0</b>	<b>10,559</b>
	<b>Amortisation</b>			
<b>6,134</b>	<b>Balance at 1 April</b>	<b>7,095</b>	<b>0</b>	<b>7,095</b>
961	Amortisation	1,172	0	1,172
<b>7,095</b>	<b>Balance at 31 March</b>	<b>8,267</b>	<b>0</b>	<b>8,267</b>
	<b>Net Book Value:</b>			
<b>2,222</b>	<b>Balance at 31 March</b>	<b>2,292</b>	<b>0</b>	<b>2,292</b>

## 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 (note 14) reduces the CFR.

2018/19		2019/20
£000		£000
773,164	Opening Capital Financing Requirement *	788,558
	<b>Capital Expenditure:</b>	
120,060	Property, Plant and Equipment	91,376
53	Heritage Assets	231
0	Assets Held for Sale	0
12,679	Investment Properties	58,624
482	Intangible Assets	1,309
1,661	Loans / Equity	132
8,098	Expenditure on REFCUS	12,744
	<b>Sources of Finance:</b>	
(22,037)	Capital Receipts	(5,497)
(56,406)	Government grants and other contributions	(52,574)
(11,120)	Direct revenue contributions and reserves	(7,135)
(38,076)	Prudent revenue and capital provision for loan repayment	(38,871)
<b>788,558</b>	<b>Closing Capital Financing Requirement *</b>	<b>848,897</b>
	<b>Explanation of movements in year:</b>	
(2,254)	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	2,659
17,648	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	57,680
<b>15,394</b>	<b>Increase in Capital Financing Requirement</b>	<b>60,339</b>

\*This includes a notional amount in respect of Landfill provision of 2018/19 £19.388 million and 2019/20 £18.368 million

## Revenue Expenditure funded from Capital under Statute (REFCUS)

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table 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 capital resources.

2018/19		2019/20
£000		£000
	<b>Expenditure:</b>	
5,055	Housing Improvement Grants	4,843
3,033	Buildings not owned by Cardiff Council	2,901
10	Grants awarded (not Housing Grants)	5,000
<b>8,098</b>	<b>Charged to Income and Expenditure Statement</b>	<b>12,744</b>



	Funded by:	
(7,388)	Grants and Contributions	(11,041)
(710)	Borrowing, Receipts and other Capital Resources	(1,703)
<b>(8,098)</b>		<b>(12,744)</b>

### Significant capital expenditure contractual commitments

At 31 March 2020, the significant capital expenditure commitments scheduled for completion in 2020/21 and future years is shown below (£14.034 million 2018/19)

	£000
Wood Street Infrastructure - City Centre	6,364
Ty Gwyn Demountable Classroom	1,691
Michaelston College Demolition	778
Ysgol y Wern	728
Cardiff Living - New Housing Willowbrook	642
Cardiff Living - New Housing Briardene	541
North Road Cycle Route	535
Tudor Street Shops	500
<b>Total</b>	<b>11,779</b>

## 17. 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, including the method of determining fair value in accordance with accounting policies for Financial Assets and Liabilities, and consideration of the Business Model for holding investments. Creditors are shown separately in the respective notes rather than as financial instruments:

31 March 2019				31 March 2020		
Long Term £000	Short Term £000	Total £000		Long Term £000	Short Term £000	Total £000
			Amortised Cost :			
0	69,000	69,000	Investments - Principal	0	76,000	76,000
0	32	32	Investments - Accrued Interest	0	106	106
0	20,852	20,852	Cash and Cash Equivalents	0	35,922	35,922
0	21	21	Cash and Cash Equivalents Accrued Interest	0	29	29
0	89,905	89,905	<b>Total Investments at Amortised Cost Included in Investments</b>	0	112,057	112,057
10,948	0	10,948	<b>Total Investments at Fair Value through Other Comprehensive Income</b>	9,723	0	9,723
1,188	1,189	2,377	Loans	577	784	1,361
9,063	94,143	103,206	Other Debtors	8,124	136,056	144,180
10,251	95,332	105,583	<b>Total Debtors</b>	<b>8,701</b>	<b>136,840</b>	<b>145,541</b>
21,199	185,237	206,436	<b>Total Financial Assets</b>	<b>18,424</b>	<b>248,897</b>	<b>267,321</b>

			Financial liabilities at Amortised Cost			
(717,700)	(4,221)	(721,921)	Loans (Principal)	(807,540)	(21,233)	(828,773)
0	(9,085)	(9,085)	Loans Accrued Interest	0	(8,392)	(8,392)
(717,700)	(13,306)	(731,006)	<b>Total Borrowings</b>	<b>(807,540)</b>	<b>(29,625)</b>	<b>(837,165)</b>

#### Investments at amortised cost include:

- temporary investments deposited for various maturities with financial institutions. The fair value is deemed to be the carrying value (Level 2)

#### Investments at Fair Value through Other Comprehensive Income 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 estimate is based on the net worth of the company as per its draft set of financial accounts (Level 3). The valuation can fluctuate dependent on the company's performance and economic climate and so any accounting valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Financial Instruments Revaluation Reserve'; hence there is no impact on Council Tax payable. The fair value of the investment at 31 March 2020 is estimated to be £9.356 million (£10.470 million in 2018/19)
- various minority equity holdings in companies are included either at cost or at quoted prices where available.

The above are held or acquired for Council policy purposes and have been elected to be accounted for as Fair Value through Other Comprehensive Income.

#### Debtors include:

- loans to small to medium enterprises including those for town centre regeneration and car loans to eligible Council staff
- grants, income due from service users, partners, deferred capital receipts to be received and offset by an impairment for credit losses where applicable.

#### Liabilities at Amortised Cost include:

- external borrowing undertaken to fund capital expenditure and 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. Where possible and viable, opportunities for early repayment are considered. The carrying amounts below also include accrued interest payable at 31 March 2020. Interest payable for 2019/20 is £8.392 million (£9.085 million in 2018/19).

31 March 2019			Valuation Method - Level	31 March 2020	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(669,314)	(969,502)	Public Works Loan Board Loans (PWLB)	Level 2	(706,425)	(951,353)
(51,637)	(74,647)	Lender Option Borrower Option Loans	Level 2	(51,641)	(71,457)
(4,496)	(3,786)	Welsh Government	Level 2	(16,114)	(12,178)

0	0	Local Authorities	Level 2	(58,440)	(58,263)
(5,559)	(5,095)	Other Loans and Temporary Balances	Level 2	(4,545)	(4,197)
<b>(731,006)</b>	<b>(1,053,030)</b>	<b>Financial Liabilities</b>		<b>(837,165)</b>	<b>(1,097,448)</b>

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 2020. An exit price fair value of £1.353 billion 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				Financial Liabilities	Financial Assets		
	Measured at Amortised Cost	Amortised Cost	Investments at Fair Value through Other Comprehensive Income			Total	Measured at Amortised Cost	Amortised Cost
<b>2018-19</b>					<b>2019-20</b>			
<b>£000</b>					<b>£000</b>			
32,176	0	0	<b>32,176</b>	Interest Payable & Similar Charges	32,960	0	0	<b>32,960</b>
0	(706)	0	<b>(706)</b>	Interest and Investment Income	0	(966)	0	<b>(966)</b>
0	0	3,172	<b>3,172</b>	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	1,101	<b>1,101</b>
<b>32,176</b>	<b>(706)</b>	<b>3,172</b>	<b>34,642</b>	<b>Net (gain) / loss for the year</b>	<b>32,960</b>	<b>(966)</b>	<b>1,101</b>	<b>33,095</b>

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.

**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.

An impairment for bad debt is made where there is deemed to be a risk of expected credit losses. The following table summarises the Council's main exposures to credit risk.

31 March 2019 £000	Likelihood of Default	31 March 2020 £000
<b>89,905</b>	<b>Deposits- Banks , Building societies</b>	<b>112,057</b>
	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. A risk of non-recoverability applies to all of the Council's deposits, requiring rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in this process. Using historic data adjusted for current financial market conditions and based on the level of counterparty exposure at 31 March 2020, the expected credit loss calculated on a historic risk of default basis is 0.01 % or £9,000. This is minimal, so no provision for expected credit loss is recognised.	
<b>469</b>	<b>Car Loans</b>	<b>431</b>
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
<b>1,908</b>	<b>Loans to External bodies</b>	<b>930</b>
	Includes loans to SME's. Where there is deemed to be a risk of non-repayment a provision or impairment is considered.	
<b>17,553</b>	<b>Customers</b>	<b>28,342</b>
	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. Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and impairment for non-payment is not usually considered necessary. The impairment for bad debt in 2019/20 was based on the adjusted age profile disclosed as following :	
15,998	Less than one year	25,769
559	1-2 years	1,518
430	2-3 years	352
220	3-4 years	223
69	4-5 years	181
277	Over 5 years	299
<b>109,835</b>	<b>Total</b>	<b>141,760</b>

### Liquidity and Refinancing Risk

This is the possibility that the Council may not have funds available to make payments or have to refinance a financial liability at disadvantageous interest rate or terms. The Council has ready access to funds from the financial markets and Public Works Loan Board in order to raise finance. 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 2019	Loans Outstanding	31 March 2020
£000		£000
660,866	Public Works Loans Board	698,866
51,000	Market Lender Option Borrower Option (LOBO)	51,000
4,496	Welsh Government	16,112
0	Local Authorities	58,250
5,559	Other Loans and Temporary Balances	4,545
<b>721,921</b>	<b>Total</b>	<b>828,773</b>
4,221	Under 12 months	21,234
1,207	12 months and within 24 months	26,988
15,500	24 months and within 5 years	30,431
41,980	5 years and within 10 years	53,798
161,000	10 years and within 20 years	174,310
168,000	20 years and within 30 years	169,000
212,689	30 years and within 40 years	212,689
112,324	40 years and within 50 years	135,323
5,000	50 years and within 60 years	5,000
<b>721,921</b>	<b>Total</b>	<b>828,773</b>

Currently, £46.000 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. 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	21/05/2020	6 months	21/11/2041
6	21/05/2020	6 months	21/11/2041
6	21/05/2020	6 months	23/05/2067
6	02/09/2020	6 months	23/05/2067
22	23/11/2020	5 years	23/11/2065
5	16/01/2023	5 years	17/01/2078

## Interest Rate Risk

The possibility that financial loss might arise for the Council as a result of changes in interest rates. The main impacts of interest rate movements are set out below:

Variable affected by interest rate fluctuations	Impact of Variation	Actions to mitigate interest rate risk
Interest earned on variable rate investments	Interest rate rises will increase income credited to the Comprehensive Income and Expenditure Statement, while reductions may result in less income than budgeted.	Production and Council approval of a Treasury Management Strategy at the start of each financial year, setting limits for fixed and variable rate exposure.
Interest paid on variable rate borrowings	If interest rates rise, lenders may exercise options to increase rates in a Lender Option Borrower Option loan potentially increasing the interest expense charged to the Comprehensive Income and Expenditure Statement, should the Council accept the higher rate.	Interest rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year.
Fair value of fixed rate financial assets	Interest rate rises will have no material effect on fair value, hence fair value is not disclosed.	By borrowing and investing fixed rate, the Council aims to minimise the revenue impact of interest fluctuations to provide stability for planning purposes. Council borrowing is primarily at fixed rather than variable rates.
Fair value of fixed rate financial liabilities	Fair value will fall if interest rates rise. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	

To give an indication of the Council's sensitivity to interest rate change, the table below indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2019/20 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	311
Increase in interest receivable on investments	(621)
<b>Impact on Income and Expenditure Account</b>	<b>(310)</b>
Increase in interest transferred to other balances and accounts	219
<b>Net Income / (Expenditure)</b>	<b>(91)</b>

Changes in Fair Value	£000
Decrease in Fair Value of Fixed Rate Investments	0
Decrease in Fair Value of Fixed Rate Borrowings	(156,402)

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.

## 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 £31,000 (£17,000 in 2018/19) which are quoted on a recognised stock exchange at 31 March 2020.

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 £468,000 gain or loss being recognised in the Movement in Reserves Statement.

## 18. Held for Sale Assets

31 March 2019		31 March 2020
£000		£000
6,375	Balance at 1 April	2,570
(5,500)	De-recognition	(290)
1,695	Reclassified to/(from) Held for Sale	(420)
0	Revaluation increases /(decreases) to RR*	0
0	Revaluation increases /(decreases) to SDPS**	0
<b>2,570</b>	<b>Balance at 31 March</b>	<b>1,860</b>

\*Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

## 19. Short Term Debtors

31 March 2019		31 March 2020
£000		£000
44,485	Central Government Bodies	80,148
27,052	Other Local Authorities & NHS Bodies	22,690
23,795	Other Entities and Individuals including Public Corporations	29,805
<b>95,332</b>	<b>Total Short Term Debtors</b>	<b>132,643</b>

## 20. Cash and Cash Equivalents

31 March 2019		31 March 2020
£000		£000
880	Cash	223
(4,327)	Bank (including cheque book schools)	(15,900)
24,320	Short-term deposit with banks and building societies	51,628
<b>20,873</b>	<b>Total Cash and Cash Equivalents</b>	<b>35,951</b>

In addition to the above, at 31 March 2020 the Council held £789,000 (£679,000 at 31 March 2019) 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.

## 21. Short Term Creditors

31 March 2019		31 March 2020
£000		£000
(11,667)	Central Government Bodies	(11,773)
(19,640)	Other Local Authorities & NHS Bodies	(13,000)
(75,277)	Other Entities and Individuals including Public Corporations	(90,166)
<b>(106,584)</b>	<b>Total Short Term Creditors</b>	<b>(114,939)</b>

## 22. Interests in Other Companies and Other Organisations

The Council has three wholly owned subsidiary companies. The interest in Cardiff City Transport Services Ltd is consolidated to form the Council's group accounts which are shown later in these Statements. The interests in the other two organisations are considered immaterial in terms of both the turnover and the net assets of the group and have therefore been excluded from consolidation in 2019/20. The Council does not depend upon these two organisations for statutory service provision and it is not considered that they expose the Council to a material level of commercial risk.

### Cardiff City Transport Services Ltd. (Cardiff Bus) (company number 02001229)

Cardiff City Transport Services Ltd. is wholly owned by the Council and was set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation.

During the year, the company recruited a new managing director to support the Board to take the Company forward and to address a number of challenges. The Company has made significant headway in improving performance, however in line with the entire public transport industry across the Country, the Covid-19 pandemic has resulted in reductions in income and patronage. With use of National Bus Emergency Support Grant measures, the furlough of staff where relevant and financial support from the Council's wider pandemic actions, the Company has been able to continue the delivery of essential bus services.

However there is also a significant risk to financial viability and going concern as a result of the need for the company and Trustees of the company pension scheme to agree the triennial valuation of the scheme at 31 March 2018 in line with statutory requirements and to avoid a risk of winding up of the scheme. In line with

its responsibilities as shareholder, in order to protect the benefits of the members of the pension scheme and to ensure that the vital services people rely on can continue, an in principle agreement has been reached to complete the triennial valuation. Having worked with a range of stakeholders, the Council will consider a series of recommendations as part of a report in October 2020 to implement a range measures and agreements to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational future.

The company's draft operating results, which include any subsidiaries, are summarised below:

31 March 2019		31 March 2020
£000		£000
(32,925)	Turnover and other income	(32,935)
33,036	Operating and other expenditure	32,557
<b>111</b>	<b>Net (Profit) / Loss before Taxation</b>	<b>(378)</b>
0	Taxation	0
<b>111</b>	<b>(Profit) / Loss after Taxation</b>	<b>(378)</b>

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

31 March 2019		31 March 2020
£000		£000
20,102	Bus and other operating assets	17,958
2,378	Current Assets	3,711
(2,854)	Less Current Liabilities	(4,901)
	Creditors: Amounts falling due after more than one year	
(7,284)	Provisions & Long term liabilities	(3,839)
(604)	Deferred Taxation	(833)
(1,268)	Pension Liability	(2,740)
<b>10,470</b>	<b>Total Assets less Liabilities</b>	<b>9,356</b>
	Represented by:	
4,618	Share Capital	4,618
2,711	Retained Earnings	1,589
3,141	Revaluation Reserve	3,149
<b>10,470</b>	<b>Net Worth</b>	<b>9,356</b>

During 2019/20 the Council made payments totaling £9.474 million to Cardiff City Transport Services Ltd (£10.366 million in 2018/19), of which £8.905 million related to concessionary fares payments (£8.958 million in 2018/19). The Council also received income of £169,000 (£69,000 in 2018/19).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £164,000 (£144,000 at March 2019) and a balance due from Cardiff City Transport Services Ltd of £5,000 (£45,000 at March 2019).

During 2018/19 and 2019/20 no dividend was paid to the Council.

The accounts for year ended 31 March 2020 are in draft status and are pending audit, prior to submission to Companies House at the end of December 2020. The company's auditors are Deloitte. The 2018/19 figures

included in the table have not been updated for Cardiff Bus final accounts which were signed off after those of the Council, and remain as they were in the Council's Statement of Accounts 2018/19.

### Cardiff Business Technology Centre Ltd. (CBTC) (company number 02074331)

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 draft operating results are shown as follows:

31 March 2019		31 March 2020
£000		£000
8	Net (Profit) / Loss before Taxation	19
(1)	Less: Taxation	(4)
<b>7</b>	<b>(Profit) / Loss after Taxation</b>	<b>15</b>

31 March 2019		31 March 2020
£000		£000
759	Total assets less current liabilities	765
(46)	Provision for taxation	(39)
0	Pension Liability	(11)
<b>713</b>	<b>Total Assets less Liabilities</b>	<b>715</b>
	Represented by:	
293	Retained Profit	337
0	Pension Reserve	(11)
420	Revaluation Reserve	389
<b>713</b>	<b>Net Worth</b>	<b>715</b>

During 2019/20, the Council made payments of £272,000 to CBTC and received income of £36,000 (£0 in 2018/19) from CBTC. At year end, there is a balance due to CBTC of £32,000 (£0 at 31 March 2019) and no balance due from CBTC (£0 at 31 March 2019).

The company's auditors are Gerald Thomas.

### Atebion Solutions Ltd. (company number 10411758)

Atebion Solutions Ltd. is wholly owned by the Council to deliver procurement and commercial services to the public sector. The draft operating results are shown below:

31 March 2019		31 March 2020
£000		£000
29	Net (Profit) / Loss before Taxation	3
(5)	Less: Taxation	0
<b>24</b>	<b>(Profit) / Loss after Taxation</b>	<b>3</b>

31 March 2019		31 March 2020
---------------	--	---------------

£000		£000
23	Total assets less current liabilities	17
(16)	Creditors: falling due after more than one year	(12)
<b>7</b>	<b>Total Assets less Liabilities</b>	<b>5</b>
	Represented by:	
7	Retained Profit	5
<b>7</b>	<b>Net Worth</b>	<b>5</b>

During 2019/20, the Council made no payments (£19,967 in 2018/19) to Atebion Solutions Ltd and received income of £50,215 (£112,666 in 2018/19) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2019) and a balance due of £50,215 from Atebion Solutions Ltd (£60,000 at March 2019).

The company's auditors are Baldwin Audit services.

## 23. Provisions

	Balance 1 April 2019	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2020	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(10,665)	3,484	(3,523)	(10,704)	(4,487)	(6,217)
Ferry Road Landfill	(8,277)	125	0	(8,152)	(242)	(7,910)
Lamby Way Landfill	(10,839)	311	0	(10,528)	(422)	(10,106)
City Deal	(229)	0	(114)	(343)	0	(343)
Other	(847)	405	(48)	(490)	(254)	(236)
<b>Total</b>	<b>(30,857)</b>	<b>4,325</b>	<b>(3,685)</b>	<b>(30,217)</b>	<b>(5,405)</b>	<b>(24,812)</b>

Insurance - 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'.

Municipal Mutual Insurance (MMI) Scheme of arrangement levy - 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 29.

Landfill aftercare - 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.

Cardiff Capital Region City Deal (CCRC) – primarily represents timing differences in relation to corporation tax.

Other – includes a Family Guarantor provision to aid the transfer of families from temporary accommodation into permanent homes.

## 24. 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 and Vale of Glamorgan 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 2019		31 March 2020
£000	Pension Strain	£000
(1,769)	Pension Strain due within 1 year	(1,496)
(2,560)	Pension Strain due later than 1 year	(3,688)
<b>(4,329)</b>	<b>Total Pension Strain</b>	<b>(5,184)</b>

## 25. Deferred Liabilities

These are amounts paid in advance by external bodies towards expenditure in future years.

	Balance 1 April 2019	Utilised/ Released in year	Transfers to Deferred Liabilities	Balance 31 March 2020	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Commutated Maintenance Sums	(8,218)	1,063	(1,106)	(8,261)	(514)	(7,747)
Rent Smart Wales Income in Advance	(5,130)	2,652	(1,736)	(4,214)	(2,700)	(1,514)
<b>Total Deferred Liabilities</b>	<b>(13,348)</b>	<b>3,715</b>	<b>(2,842)</b>	<b>(12,475)</b>	<b>(3,214)</b>	<b>(9,261)</b>

## 26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. Usable Reserves include Council Fund and HRA Balances, Earmarked Reserves and the Capital Receipts Reserve.

## 26.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2019 £000	From Revenue £000	To Revenue £000	31 March 2020 £000
<b>COUNCIL FUND AND HRA BALANCES</b>				
Council Fund Balance	14,255	0	0	14,255
Housing Revenue Account Balance	8,983	0	0	8,983
<b>Total Council Fund and HRA Balances</b>	<b>23,238</b>	<b>0</b>	<b>0</b>	<b>23,238</b>

## 26.2 Earmarked Reserves

This note sets out the contributions to and from earmarked reserves during the year.

	Balance	Contributions		Balance
	31 March 2019 £000	From Revenue £000	To Revenue £000	31 March 2020 £000
<b>SCHOOLS BALANCES</b>				
Schools Reserves	4,862	3,024	(2,569)	5,317
Cathays HS – Maintenance of Playing Field	3	0	0	3
Primary/Special Schools Repairs	492	215	0	707
	<b>5,357</b>	<b>3,239</b>	<b>(2,569)</b>	<b>6,027</b>
<b>SCHOOLS RESERVES</b>				
Out of School Childcare	77	28	(6)	99
Schools Catering	178	0	(178)	0
Schools Formula Funding	577	840	(1,191)	226
Schools Organisational Plan	1,233	8,356	(9,088)	501
	<b>2,065</b>	<b>9,224</b>	<b>(10,463)</b>	<b>826</b>
<b>OTHER COUNCIL RESERVES</b>				
Apprenticeships and Trainees	882	69	(361)	590
Bereavement Services	408	373	(644)	137
Building Control Regulations	319	0	(234)	85
Bute Park Match Funding	87	0	(14)	73
Capital Ambition Delivery	641	0	(391)	250
Cardiff Academy Training	102	0	(24)	78
Cardiff Capital Region City Deal	215	1	0	216
Cardiff Dogs Home Legacy	171	200	(59)	312
Cardiff Enterprise Zone	3,678	1,193	(2,494)	2,377
Central Market Works	289	0	(20)	269
Central Transport Service	137	0	(137)	0
City Wide Management and Initiatives	364	514	0	878
Community Based Services Transition	234	0	(65)	169
Community Initiatives	358	324	(7)	675

	Balance	Contributions		Balance
	31 March 2019 £000	From Revenue £000	To Revenue £000	31 March 2020 £000
Connect to Cardiff Refurbishment	10	0	0	10
Corporate Events and Cultural Services	724	174	(69)	829
Corporate Landlord Function	189	0	(53)	136
Discretionary Rate Relief	100	0	0	100
Emergency Management, Safeguarding & Prevent	139	0	0	139
Employee Changes	6,451	2,798	(559)	8,690
Energy Conservation	217	0	(170)	47
Energy Market Volatility	586	0	(250)	336
Flatholm	27	0	(27)	0
Fraud Detection	97	0	(53)	44
Governance and Legal Services	208	0	(23)	185
Harbour Authority Project and Contingency Fund	42	21	0	63
Highways Section 278	508	0	(98)	410
Homelessness	1,736	300	(568)	1,468
Houses in Multiple Occupation Licensing	12	0	(12)	0
Housing Options Centre	685	0	(685)	0
Housing Support	965	0	(207)	758
ICT Holding Account	745	0	(29)	716
Inspectorate Support	208	0	0	208
Insurance	5,670	524	(19)	6,175
Invest to Save	261	0	0	261
Joint Equipment Store	221	0	0	221
Libraries Book Fund	19	0	(19)	0
Local Development Plan	99	0	(61)	38
Major Projects	480	0	0	480
Members Development	61	0	0	61
Municipal Election	421	153	(2)	572
Municipal Mutual Insurance	786	0	0	786
Non-Domestic Rates Due Diligence	60	0	0	60
Parking and Enforcement	1,491	7,764	(7,140)	2,115
Projects, Design and Development	32	0	(18)	14
Property Asset Management	83	51	(67)	67
Red Dragon Centre	0	1,532	0	1,532
Rentsmart	568	92	0	660
Resources	1,509	85	(751)	843
Schools Catering and Kitchen Improvements	25	0	(25)	0
Scrutiny Development and Training	124	0	(6)	118
Shared Regulatory Service	186	0	(186)	0
Social Care Technology	709	0	(54)	655
South East Wales Construction Framework	556	0	(21)	535
Strategic Budget	5,626	853	(2,500)	3,979
Treasury Management	0	4,725	0	4,725
Wales Interpretation and Translation Service	183	168	0	351



	Balance	Contributions		Balance
	31 March 2019 £000	From Revenue £000	To Revenue £000	31 March 2020 £000
Waste Management	712	0	(712)	0
Welfare Reform	2,926	350	(1,423)	1,853
Workshops Asset Maintenance	107	0	(107)	0
Youth and Community Education	178	0	0	178
	<b>44,627</b>	<b>22,264</b>	<b>(20,364)</b>	<b>46,527</b>
<b>SHARE OF JOINT COMMITTEE RESERVES</b>				
Cardiff Capital Region City Deal (CCRCD)*	965	549	0	1,514
Other Joint Committees	700	0	(700)	0
	<b>1,665</b>	<b>549</b>	<b>(700)</b>	<b>1,514</b>
<b>Total Council Fund Reserves</b>	<b>53,714</b>	<b>35,276</b>	<b>(34,096)</b>	<b>54,894</b>
<b>HRA RESERVES</b>				
Housing Repairs and Building Maintenance	216	383	0	599
Welfare Reform	279	0	0	279
<b>Total HRA Reserves</b>	<b>495</b>	<b>383</b>	<b>0</b>	<b>878</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>54,209</b>	<b>35,659</b>	<b>(34,096)</b>	<b>55,772</b>

\*This balance primarily arises due to the consolidation of CCRCD including its subsidiary CSC Foundry.

## 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 2020 on the Council's Schools Budget Forum website. As well as individual school balances, a deficit balance of £499,000 offsets the total net balance (£796,000 2018/19). This amount represents a cumulative liability in respect of the Mutual Supply Fund which reimburses schools that have incurred supply costs that fall within certain parameters. This amount is in the process of being repaid via school budgets.

## Schools Organisational Plan

To manage the cash flow implications of the Schools Organisational Plan financial model.

## Apprenticeships and Trainees

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

## Cardiff Enterprise Zone

To fund expenditure on the Cardiff Enterprise Zone in future years.

## City Wide Management & Initiatives

To fund city-wide management and initiatives including support for marketing and infrastructure.

## Community Initiatives

To fund initiatives arising from the legacy of the Communities First Programme.

### Corporate Events and Cultural Services

To support feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services.

### Employee Changes

To meet the costs associated with voluntary redundancy and other employee costs.

### Homelessness

To meet increase in homelessness pressures.

### Housing Support

To improve sustainability by maintaining people's independence in their own homes.

### ICT Holding Account

To fund future business process improvement and ICT initiatives.

### Insurance

To protect the Council from future potential insurance claims.

### Municipal Election Reserve

To support the cost of local elections.

### Municipal Mutual Insurance Scheme

To protect the Council from a scheme that was triggered on 13 November 2012 and will involve the claw back of a percentage of previously paid claims, as well as a percentage of future claims.

### 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.

2018/19		2019/20
£000		£000
(5,059)	On-street pay car parking fees	(5,024)
(1,088)	Off-Street car parking fees	(1,186)
(368)	Residents parking permits	(386)
(2,385)	Penalty charge notices	(2,229)
(5,039)	Moving Traffic Offences	(5,082)
(290)	Camera Car	(366)
(212)	Traffic Enforcement Centre	(200)
(7)	Other income	(14)
<b>(14,448)</b>	<b>Total Income</b>	<b>(14,487)</b>
913	Operational costs / Parking and Permits	659
5,843	Enforcement service	6,064

6,756	<b>Total Expenditure</b>	<b>6,723</b>
(7,692)	<b>Civil Parking Enforcement Net (Surplus)/Deficit</b>	<b>(7,764)</b>
	Contributions (to) /from Parking Reserve	
701	<b>Balance 1 April</b>	<b>1,491</b>
7,692	Contributions from CPE	7,764
(6,902)	Contributions to revenue*	(7,140)
<b>1,491</b>	<b>Balance 31 March</b>	<b>2,115</b>

\* Eligible expenditure totaling £7.140 million was drawn down from the reserve leaving a balance of £2.115 million at the 31 March 2020. This included a budgeted drawdown of £5.385 million which supported a range of Council services including ongoing support and improvements to transport, parking, highways and environmental services. It also included specific drawdowns for various improvement schemes and initiatives approved by the Director of Planning, Transport & Environment in consultation with the Cabinet Member for Strategic Planning & Transport.

### **Red Dragon Centre**

To set aside revenue surpluses to support ongoing premises funding requirements.

### **Rentsmart**

The Council is the single licensing authority across Wales, processing landlord registrations and grant licenses to landlords and agents who need to comply with the Housing (Wales) Act 2014. Further details can be found on the website <https://www.rentsmart.gov.wales/en/>. The purpose of the reserve is to reinvest in training and service delivery.

### **Resources**

To provide funding to a number of areas within the Resources Directorate particularly where transition to new methods of operation are required.

### **Social Care Technology**

To support Social Care ICT developments.

### **South East Wales Construction Framework**

Ring-fenced levy payments to fund the administration of the South East Wales Construction Framework.

### **Strategic Budget**

To support financial resilience and the future budget requirements of the Council over the Medium Term Financial Plan.

### **Treasury Management**

To strengthen financial resilience and mitigate risks in respect of the Council's capital expenditure and its treasury management activities.

### **Welfare Reform**

To mitigate pressures and reduced funding following the transfer of services as part of the rollout of the Universal Credit Scheme.

### **HRA Housing Repairs and Building Maintenance**

To fund housing repairs and to mitigate against risk within the construction industry.

## Share of Cardiff Capital Region City Deal Reserves

The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal.

### 26.3 Usable Capital Receipts Reserve

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

2018/19		2019/20
£000		£000
21,320	<b>Balance as at 1 April</b>	<b>8,488</b>
	Movements during Year:	
7,246	Sale of Land, Buildings and other assets	9,249
1,838	Sale of Council Dwellings	626
148	Recoupments of grant/other	99
<b>9,232</b>		<b>9,974</b>
(22,037)	Finance Capital Expenditure	(5,497)
(27)	Provide for Repayment of External Loans	(2,009)
0	Other	(50)
<b>(22,064)</b>		<b>(7,556)</b>
<b>8,488</b>	<b>Balance as at 31 March</b>	<b>10,906</b>

## 27. Unusable Reserves

### 27.1 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 realized.

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.

2018/19		2019/20
£000		£000
253,798	<b>Balance as at 1 April</b>	<b>268,598</b>
45,320	Upward revaluation of assets	35,426
(23,705)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(14,316)
<b>21,615</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>21,110</b>
(1,236)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(1,290)

(5,579)	Accumulated gains on assets sold or scrapped	(377)
<b>(6,815)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(1,667)</b>
<b>268,598</b>	<b>Balance as at 31 March</b>	<b>288,041</b>

## 27.2 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.

2018/19		2019/20
£000		£000
<b>828,081</b>	<b>Balance as at 1 April</b>	<b>864,171</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(57,369)	Charges for depreciation and impairment of non-current assets	(62,708)
19,996	Reverse previous impairment on revaluation	106,849
(34,791)	Revaluation losses on Property, Plant and Equipment	(50,064)
(961)	Amortisation of intangible assets	(1,172)
(9,295)	Expenditure on REFCUS	(1,703)
(3,527)	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	(4,265)
<b>(85,947)</b>		<b>(13,063)</b>
1,236	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	1,290
<b>(84,711)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(11,773)</b>
	<b>Capital financing applied in the year:</b>	
22,037	Capital Receipts	5,497
11,120	Direct Revenue Financing	7,135
49,018	Grants and contributions	41,333
38,048	Prudent Revenue Provision	36,862
28	Capital receipts to provide for repayment of external loans	2,009
(39)	Reduction in loan debtors	(1,230)
<b>120,212</b>		<b>91,606</b>
589	Movements in the value of Investment Properties	(4,090)
<b>864,171</b>	<b>Balance as at 31 March</b>	<b>939,914</b>

## 27.3 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 realised.

2018/19		2019/20
£000		£000
4,511	<b>Balance as at 1 April</b>	<b>5,008</b>
500	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(3)	Transfers to the Capital Receipts Reserve upon receipt of cash	0
<b>5,008</b>	<b>Balance as at 31 March</b>	<b>5,008</b>

The balance in 2019/20 relates primarily to the deferred payment from disposal of land at Central Square, due in the financial year 2021/22.

## 27.4 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments held as Financial Instruments that are elected to be classified as Fair Value through other Comprehensive Income i.e. those held for service objectives or policy purposes. 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.

2018/19		2019/20
£000		£000
13,540	<b>Balance as at 1 April</b>	<b>10,368</b>
(3,172)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(1,101)
<b>10,368</b>	<b>Balance as at 31 March</b>	<b>9,267</b>

The majority of the balance relates to the Council's shareholding in Cardiff Bus which is not listed on any quoted market, and for which a valuation is based on the company's reported net worth as per its Annual Accounts 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 offset in this reserve. Any valuation should be treated with care as it is for accounting purposes only.

## 27.5 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.

2018/19		2019/20
£000		£000
(647,960)	<b>Balance as at 1 April</b>	<b>(674,020)</b>
21,551	Actuarial gains or losses on pensions assets and liabilities	(127,222)
(95,835)	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	(89,038)
347	Reversal of amounts accrual in respect of pension strain for future years	(854)
47,891	Employer's pensions contributions and direct payments to pensioners payable in the year	50,240
(14)	Adjustment re. Joint Committee	0
<b>(674,020)</b>	<b>Balance as at 31 March</b>	<b>(840,894)</b>

## 27.6 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.

2018/19		2019/20
£000		£000
(9,333)	<b>Balance as at 1 April</b>	<b>(8,901)</b>
432	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 accounting requirements	(2,679)
<b>(8,901)</b>	<b>Balance as at 31 March</b>	<b>(11,580)</b>

## 28. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20:

2018/19		2019/20
£000		£000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(325,564)	Revenue Support Grant	(328,126)
(115,383)	Non-Domestic Rates	(116,504)
(45,431)	Capital Grants	(39,599)
(3,587)	Developers' Contributions	(1,734)
<b>(489,965)</b>	<b>Total</b>	<b>(485,963)</b>
	<b>Credited to Services (Revenue Grants &amp; Contributions)</b>	
(260,905)	Central Government Bodies	(263,502)
(18,490)	Other Local Authorities & NHS Bodies	(22,609)

(4,020)	Other Entities and Individuals including Public Corporations	(4,553)
<b>(283,415)</b>	<b>Total</b>	<b>(290,664)</b>

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:

31 March 2019	Revenue Grants and Contributions Receipts in Advance	31 March 2020
£000		£000
(11,110)	Central Government Bodies	(13,067)
0	Other Local Authorities & NHS Bodies	0
(1,302)	Other Entities and Individuals including Public Corporations	(787)
<b>(12,412)</b>	<b>Total</b>	<b>(13,854)</b>

31 March 2019	Capital Grants Receipts in Advance	31 March 2020
£000		£000
(782)	Central Government Bodies	(1,424)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
<b>(782)</b>	<b>Total</b>	<b>(1,424)</b>

31 March 2019	Capital Contributions Receipts in Advance	31 March 2020
£000		£000
<b>(9,961)</b>	<b>Balance as at 1 April</b>	<b>(14,485)</b>
(8,630)	Contributions received during the year	(4,889)
3,781	Contributions applied to expenditure during the year	1,792
325	Reclassification	152
<b>(14,485)</b>	<b>Balance as at 31 March</b>	<b>(17,430)</b>

This represents amounts received from predominantly developers and other external sources, which are yet to be used to fund specific future expenditure.

## 29. Contingent Assets and 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 at 31 March 2020 is £4.722 million (£4.562 million at 31 March 2019).



In March 2015, the Council approved a request from Glamorgan County Cricket Club to write off 70% of a £6.534 million loan balance due to the Council and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 resulting in an outstanding amount of £1.960 million. A review during 2018/19 identified positive indications of additional income to the Club in 2019/20 and beyond as a result of changes in tournaments and in the national game. Repayments on the loan, which the club are committed to repaying in accordance with contractual terms, were £98,000 during the year. However due to the current Covid-19 position, the Council's view is that risks of recovery still remain and the balance due of (£1.862 million) remains 100% impaired at 31 March 2020. Any balances due are not shown in the financial statements but are identified as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan.

In respect to an assessment received from HMRC for purportedly under-declared landfill tax assessment, associated penalties and interest, the Council made a payment on account of £2.452 million to HMRC during 2018/19. This is not an admission of liability and if the assessment is changed or cleared, then this will be refunded by HMRC.

### Liabilities

As at 31 March 2020 four claims existed in excess of £10,000 against the Council for which there is no insurance cover. The claims include unfair dismissal, disability and race discrimination, and breach of contract. The potential liability in respect of the claims is estimated to be £120,000 (£195,000 at 31 March 2019) and the Council is resisting liability.

The former Authorities of South Glamorgan County Council, Cardiff City Council, Mid Glamorgan County Council and Taff Ely Borough 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. The Council's share of residual exposure is £2.782 million. The accounts reflect a provision of £110,059 with £786,777 held in an earmarked reserve towards any liability. This is considered prudent based on most recent actuarial advice, however, this is subject to the outcome of settled claims.

The Council has entered into a number of contracts for services involving the transfer of Council employees to the new service provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Admission agreements with the new employers allow transferred employees to remain in membership of the Cardiff and Vale of Glamorgan Pension Fund. In the event that a contractor fails to meet its obligations to the Pension Fund as set out in the admission agreement, the Council acts as guarantor for the accrued pension liabilities.

The Council and HMRC are continuing discussions with a view to resolving a purportedly under-declared landfill tax assessment received by the Council from 1 April 2015, for waste tipped at Lamby Way Landfill site. HMRC assess that some materials disposed of should have had the standard rate of tax applied rather than a lower rate, the difference in tax rates being £80 per tonne. Given this is a specialist and technical area, the Council has engaged PricewaterhouseCoopers environmental tax specialists to support the Council's approach to demonstrating that materials tipped were eligible for lower rate tax. Work is being undertaken to understand the quantity and nature of materials disposed of to demonstrate that the 'qualifying fines' regime does not apply. Subject to this, and relevant HMRC rules, there is the risk that the Council may be required to pay tax, as well as a penalty and interest on under declared tax. In the event of assessments being upheld, the Council would consider the merits of an appeals or mitigation process. Given the technical nature of the assessment, it remains difficult to evidence the probability that this liability will crystallise.

The Council completed the acquisition of the Red Dragon Centre site in January 2020 following Cabinet approval in December 2019. This acquisition secured control of an important site adjacent to existing Council land with the potential to stimulate the next phase of regeneration of Cardiff Bay, in particular the delivery of a new 15,000 capacity Indoor Arena. Subject to the outcome of Procurement in respect to a developer/operator, as well as any resulting submission of a planning application for an Indoor Arena on the Atlantic Wharf site, a further deferred sum of £5.72 million is payable for the acquisition of the site. This includes £5.4 million in respect to the land transaction, with the balance being relevant land taxes.

### 30. Notes to Cash Flow Statement

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

2018/19		2019/20
£000		£000
(73,162)	Depreciation, impairment & amortisation	(8,325)
(26,899)	Charges made for retirement benefits (IAS19) less employers contributions	(39,652)
(3,527)	Carrying amount of non-current assets sold or derecognised	(4,265)
137	Increase/(decrease) in stock	(193)
19,947	Increase/(decrease) in debtors	30,999
(18,015)	(Increase)/decrease in creditors	(5,157)
(18,213)	Other non-cash items affecting net surplus or deficit on provision of services	(3,560)
<b>(119,732)</b>		<b>(30,153)</b>

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

2018/19		2019/20
£000		£000
9,728	Net gain/(loss) on sale of non-current assets	9,974
49,018	Capital grants/contributions recognised in CIES	41,333
468	Other cash items which effect investing or financing activities	0
<b>59,214</b>		<b>51,307</b>

### 31. Prior Period Adjustment

There are no prior period adjustments.

### 32. Exceptional Items

There are no exceptional items to disclose.

### 33 Events after the Reporting Period

There are no events after the reporting period to report.

**34. Date of Authorisation of the Accounts for Issue**

This Statement of Accounts was authorised for issue on 22 October 2020 by the Corporate Director Resources. Post Balance Sheet events have been considered up to this date.



# Housing Revenue Account



## Notes to 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).



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. The plan includes our approach to maintaining the Welsh Housing Quality Standards, energy efficiency, remodelling homes, estate regeneration, fire safety works and community hubs.

Tenant participation in shaping and delivering services 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:

- 79% of tenants were satisfied with the way we deal with repairs
- 83% of tenants were satisfied with their neighbourhood as a place to live.

## Risks and Financial Outlook

The HRA records income and expenditure in relation to Council Housing stock, including rent, service charges, housing allocations, repairs, capital financing charges and supervision and management.

Where the HRA spends capital monies, particularly where this is paid for by borrowing, this results in long term financial commitments for the rent payer and it is essential that expenditure decisions are prudent, sustainable and affordable, now as well as in the future. The Business Plan, which is reviewed annually, is

supported by regular monitoring against approved capital and revenue budgets underpinned by a thirty year financial model. The plan aims to demonstrate the long term sustainability of the HRA.

Whilst in the short term, a new Welsh Government 5 year rent policy approved from 2020/21 onwards has provided additional confidence around future planning; risk and uncertainty still exists over the medium to longer term. The management of the HRA and any risk to viability and sustainability is assessed through the analysis of a detailed risk matrix to ensure key variables are monitored and that essential mitigation/offsetting actions are in place to manage the achievement of key plans and desired outcomes. This is supported by an annual assessment of affordability linked to and demonstrating that homes and services represent value for money.

### Financial Performance 2019/20

The Housing Revenue Account reported a balanced position for 2019/20 after a transfer to the Housing Repairs and Building Maintenance earmarked reserve of £383,000 to meet future liabilities and commitments. This position reflected a reduced spend on repairs and maintenance and lower capital financing costs reflecting the timing of capital investment.

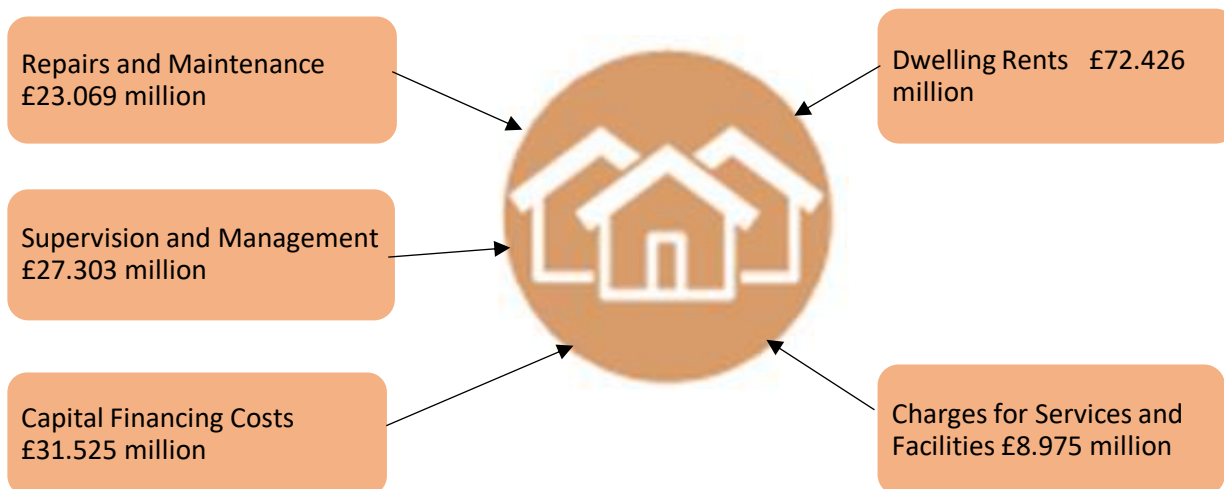
An increase in void rent allowances and bad debt requirements was offset by additional grant funding and by employee vacancy savings and other efficiencies. Void property levels were 1.89% as a percentage of overall stock (1.73% in 2018/19).

Earmarked reserves and the general balance are £878,000 and £8.983 million respectively.

### Revenue Expenditure and Funding

#### Expenditure

#### Income

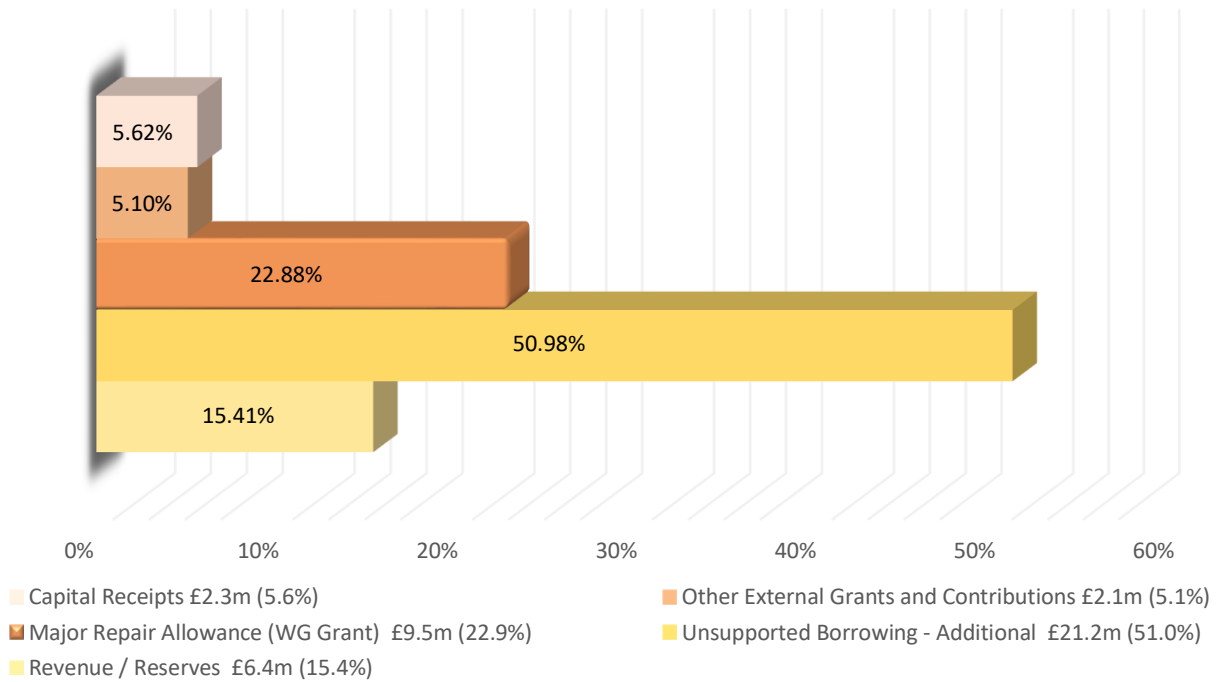


Our housing stock is valued in the accounts at £629.874 million. Dwellings were revalued in 2018/19 with the vacant possession value deemed to be £1.574 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 37% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2020/21.

## Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets. During the year we spent £41.520 million on estate regeneration, housing stock remodeling, and the fabric of dwellings, disabled adaptations and in the development of new Council Housing to meet new build targets.

### Funding of Capital Expenditure



The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2020, this stands at £290.232 million; an increase of £10.987 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2020/21 Revenue budget and MTFP approved by Council in February 2020. All borrowing must be affordable both now and in the future as it will be required to be repaid with interest.

## Income and Expenditure 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.

2018/19		Note	2019/20
£000			£000
	Management and maintenance comprising :		
22,434	Repairs and maintenance		23,069
24,499	Supervision and management		27,303
156	Rents, rates, taxes and other charges		91
1,327	Provision for bad and doubtful debts		1,232
(5,835)	Depreciation, impairment and revaluation losses of non-current assets	8	13,173
0	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	145
42	Debt management costs		43
<b>42,623</b>	<b>Total Expenditure</b>		<b>65,056</b>
(70,248)	Dwelling rents		(72,426)
(50)	Non-dwelling rents		(11)
(7,355)	Charges for services and facilities		(8,975)
<b>(77,653)</b>	<b>Total Income</b>		<b>(81,412)</b>
<b>(35,030)</b>	<b>Net Cost of HRA Services as included in the Income and Expenditure Statement</b>		<b>(16,356)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement:</b>		
(1,271)	(Gain)/loss on sale of HRA non-current assets		(603)
11,716	Interest payable and similar charges		12,275
(23)	Changes in fair value of investment properties		1
(1)	Interest and Investment income		(1)
(12,318)	Capital grants and contributions applied		(11,481)
<b>(36,927)</b>	<b>(Surplus)/Deficit for year on HRA Services</b>		<b>(16,165)</b>

## Movement on HRA Balance

2018/19		Note	2019/20
£000			£000
<b>(8,983)</b>	<b>Balance on the HRA at the end of the previous year</b>		<b>(8,983)</b>
(36,927)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(16,165)
39,655	Adjustments between accounting basis and funding basis under regulations	1	15,782
<b>2,728</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>		<b>(383)</b>
(2,728)	Transfers to/(from) earmarked reserves		383
<b>0</b>	<b>Increase or decrease in the year on the HRA</b>		<b>0</b>
<b>(8,983)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(8,983)</b>



## Notes to the Financial Statements

### 1. Adjustments between Accounting Basis and Funding Basis under Regulations

2018/19		Note	2019/20
£000			£000
	<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
10,560	Charges for depreciation and impairment of non-current assets		13,090
(16,523)	Revaluation losses of non-current assets	8	110
(35)	Reverse previous impairment on revaluation		(27)
163	Amortisation of intangible assets		0
(23)	Movement in the market value of investment properties		1
(12,318)	Capital grants and contributions applied		(11,481)
0	Sums directed by Welsh Government	9	145
605	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		1,848
(11,413)	Prudent Provision for the financing of capital investment		(12,807)
(9,469)	Capital expenditure charged against the HRA		(6,400)
20	Credit for disposal costs that qualify to be met from the resulting capital receipts		3
	<b>Adjustments involving the Revaluation Reserve:</b>		
(1,876)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		(2,451)
	<b>Adjustments involving the Pensions Reserve:</b>		
4,496	Net Retirement Benefits per IAS19		6,191
(3,783)	Employers Contributions to pension schemes	4	(4,138)
(199)	Pension Strain Accrual – future years		104
	<b>Adjustments involving the Accumulated Absences Account:</b>		
140	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		30
<b>(39,655)</b>	<b>Total Adjustments</b>		<b>(15,782)</b>

## 2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Vacancies accounted for 1.93% of the total potential rental income (1.58% in 2018/19). Average rents were £104.53 per week (£101.68 in 2018/19) based on a 52 week year.

## 3. Rent Arrears, Service Charge Arrears and Bad Debt Provision

The following sums were due from tenants:

31 March 2019			31 March 2020	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		<b>Rent Arrears</b>		
4,618	3,465	Dwellings	5,433	4,048
36	36	Leasehold properties	0	0
345	345	Hostels /Other accommodation	627	627
<b>4,999</b>	<b>3,846</b>	<b>Total Rent Arrears</b>	<b>6,060</b>	<b>4,675</b>
		<b>Other</b>		
116	70	Service charges	95	57
479	479	Tenants recoverable	424	424
<b>595</b>	<b>549</b>	<b>Total Other Arrears</b>	<b>519</b>	<b>481</b>
<b>5,594</b>	<b>4,395</b>	<b>Total</b>	<b>6,579</b>	<b>5,156</b>

During 2019/20 debts totaling £386,029 were written off as irrecoverable (£424,533 in 2018/19).

## 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 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:

2018/19 £000		2019/20 £000
4,496	Current service cost	6,191
(3,783)	Cost of employer's contributions plus discretionary benefits	(4,138)
(199)	Pension Strain Accrual - Future Years	104
<b>514</b>	<b>Net transfer to Pensions Reserve</b>	<b>2,157</b>

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.

## 5. Housing Stock

The Council's housing stock is shown below:

31 March 2019		31 March 2020
7,231	Houses	7,301
629	Bungalows	630
5,085	Flats/Bedsits	5,185
169	Maisonettes	169
352	Retirement complexes	352
<b>13,466</b>	<b>Total</b>	<b>13,637</b>

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

31 March 2019		31 March 2020
36	Bed spaces in hostels	23
49	Flats in hostels	57
<b>85</b>	<b>Total</b>	<b>80</b>

## 6. Capital Expenditure and Capital Financing

2018/19		2019/20
£000		£000
<b>266,709</b>	<b>Opening Capital Financing Requirement</b>	<b>279,245</b>
	<u>Capital Expenditure:</u>	
38,859	Property, Plant and Equipment	41,375
0	Intangible assets including intangible AUC	0
18	Investment Properties	0
0	Expenditure on REFCUS	145
8,780	Appropriation of land	2,626
	<u>Sources of Finance:</u>	
(1,920)	Capital Receipts	(2,335)
(12,319)	Government grants and other contributions *	(11,617)
(9,469)	Direct revenue contributions and reserves	(6,400)
(11,413)	Prudent revenue and capital provision for loan repayment	(12,807)
<b>279,245</b>	<b>Closing Capital Financing Requirement</b>	<b>290,232</b>
	<b>Explanation of movements in year:</b>	
12,536	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	10,987
<b>12,536</b>	<b>Increase in Capital Financing Requirement</b>	<b>10,987</b>

\* £9.500 million (£9.514 million in 2018/19) of Major Repairs Allowance 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 was required to adhere to a debt cap set by Welsh Government. This was based on the Housing Capital Financing Requirement (CFR) calculation. The cap was removed by Welsh Government during 2018/19.

## 7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2019/20 were as follows:

- Council Dwellings and Home Purchase Contributions £0.626 million (£1.838 million in 2018/19)
- Land £1.958 million (£0.366 million in 2018/19)

## 8. Depreciation, Impairment and Revaluation Charged

Depreciation and impairment were 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.

2018/19		2019/20
£000		£000
10,040	Council dwellings	11,075
202	Land and buildings	1,537
481	Vehicles, plant & equipment, intangibles and AUC	478
<b>10,723</b>	<b>Total Depreciation, Amortisation and Impairment</b>	<b>13,090</b>
(16,962)	Council dwellings	0
404	Land and buildings	83
0	Vehicles, plant & equipment, intangibles and AUC	0
<b>(16,558)</b>	<b>Total Revaluation</b>	<b>83</b>
<b>(5,835)</b>	<b>Total</b>	<b>13,173</b>

## 9. Revenue Expenditure Funded from Capital under Statute (REFCUS)

2018/19		2019/20
£000		£000
	<b>Expenditure:</b>	
0	Buildings not owned by Cardiff Council	145
<b>0</b>	<b>Charged to Income and Expenditure Account</b>	<b>145</b>
	<b>Funded by:</b>	
0	Grants and Contributions	135
0	Borrowing, Receipts and other Capital Resources	10
<b>0</b>		<b>145</b>



# Group Accounts



## ***Introduction***

The group accounts that follow comply with the requirement of the 2019/20 Code, which states that a local authority with material 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) which is a wholly owned subsidiary with limited liability. At the point of drafting these accounts, the 2019/20 accounts for Cardiff Bus are in draft status.

During the year, the company recruited a new managing director to support the Board to take the Company forward and to address a number of challenges. The Company has made significant headway in improving performance, however in line with the entire public transport industry across the Country, the Covid-19 pandemic has resulted in reductions in income and patronage. With use of National Bus Emergency Support Grant measures, the furlough of staff where relevant and financial support from the Council's wider pandemic actions, the Company has been able to continue the delivery of essential bus services.

However there is also a significant risk to financial viability and going concern as a result of the need for the company and Trustees of the company pension scheme to agree the triennial valuation of the scheme at 31 March 2018 in line with statutory requirements and to avoid a risk of winding up of the scheme. In line with its responsibilities as shareholder, in order to protect the benefits of the members of the pension scheme and to ensure that the vital services people rely on can continue, an in principle agreement has been reached to complete the triennial valuation. Having worked with a range of stakeholders, the Council will consider a series of recommendations as part of a report in October 2020 to implement a range measures and agreements to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational future.

The Council has interests in the following subsidiaries: Cardiff Business Technology Centre (CBTC) and Atebion Solutions Ltd. The interests in these two organisations are considered immaterial in terms of both the turnover and the net assets of the group. The Council does not depend upon these two 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 2019/20. Details of the Council's interests in these organisations are included in note 22 to the Core Financial Statements.

## ***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 with the following additions and exceptions:

### **Retirement Benefits**

Cardiff City Transport Services Ltd. operates two defined benefit funded pension schemes which it accounts for in accordance with FRS102. 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.

### **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.

### **Goodwill**

The Council's interest in its subsidiary dates back to its inception and therefore there is no goodwill to be accounted for.

### **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.

## Group Comprehensive Income and Expenditure

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
35,699	(1,416)	34,283	Corporate Management	19,663	(5,971)	13,692
75,912	(40,445)	35,467	Economic Development	53,977	(40,254)	13,723
344,128	(64,625)	279,503	Education & Lifelong Learning	314,268	(77,419)	236,849
6,990	(1,067)	5,923	Governance & Legal Services	8,699	(2,223)	6,476
8,977	(6,073)	2,904	Harbour Authority	8,567	(5,724)	2,843
42,624	(77,654)	(35,030)	Housing Revenue Account	65,056	(81,412)	(16,356)
240,839	(194,522)	46,317	Housing and Communities	233,246	(184,215)	49,031
8,130	(4,767)	3,363	Performance and Partnerships	8,446	(5,499)	2,947
145,917	(74,658)	71,259	Planning , Transport and Environment	138,935	(75,535)	63,400
29,968	(10,477)	19,491	Resources	32,664	(11,288)	21,376
196,281	(24,084)	172,197	Social Services	211,533	(30,628)	180,905
3,688	(5,514)	(1,826)	Summary Revenue Account	2,870	(12,653)	(9,783)
<b>1,167,507</b>	<b>(533,656)</b>	<b>633,851</b>	<b>Net Cost of Services</b>	<b>1,097,924</b>	<b>(532,821)</b>	<b>565,103</b>
33,499	0	33,499	Police and Crime Commissioner for South Wales	37,469	0	37,469
367	0	367	Community Council Precepts	397	0	397
17,439	0	17,439	Levies & Contributions	17,696	0	17,696
9,106	(9,949)	(843)	(Gain)/loss on sale of non-current assets	4,642	(8,685)	(4,043)
<b>60,411</b>	<b>(9,949)</b>	<b>50,462</b>	<b>Other Operating Expenditure</b>	<b>60,204</b>	<b>(8,685)</b>	<b>51,519</b>
32,176	0	32,176	Interest Payable on debt	33,124	0	33,124
215	0	215	Interest element of finance leases	36	0	36
16,176	(11)	16,165	Interest on net defined liability/(asset)	14,872	0	14,872
0	(972)	(972)	Interest & Investment Income		(1,129)	(1,129)
5,066	(5,655)	(589)	Change in fair value of Investment Properties	6,566	(2,475)	4,091
<b>53,633</b>	<b>(6,638)</b>	<b>46,995</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>54,598</b>	<b>(3,604)</b>	<b>50,994</b>
0	(49,018)	(49,018)	Recognised Capital Grants & Contributions	0	(41,333)	(41,333)
0	(325,564)	(325,564)	Revenue Support Grant	0	(328,126)	(328,126)
0	(115,383)	(115,383)	Non-Domestic Rates	0	(116,504)	(116,504)
2,282	(202,564)	(200,282)	Council Tax Income	(766)	(217,118)	(217,884)
<b>2,282</b>	<b>(692,529)</b>	<b>(690,247)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>	<b>(766)</b>	<b>(703,081)</b>	<b>(703,847)</b>
131	0	131	Tax expenses - Corporation Tax payable/(owing)	129	0	129
<b>1,283,964</b>	<b>(1,242,772)</b>	<b>41,192</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,212,089</b>	<b>(1,248,191)</b>	<b>(36,102)</b>
		<b>(45,320)</b>	Revaluation Gains			<b>(35,427)</b>
		<b>21,306</b>	Revaluation Losses			<b>11,958</b>



		2,399	Impairment losses on non-current assets charged to the Revaluation Reserve			2,357
		13	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			(14)
		(23,066)	Actuarial gains/losses on pension assets/liabilities			127,276
		0	Group entity adjustment			1,439
		(44,668)	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>107,589</b>
		(3,476)	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>71,487</b>

## Group Movement in Reserves

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves Council	Unusable Reserves - Group Entities	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018 carried forward</b>	<b>14,255</b>	<b>61,843</b>	<b>8,983</b>	<b>3,223</b>	<b>21,320</b>	<b>109,624</b>	<b>433,976</b>	<b>4,083</b>	<b>547,683</b>
<b>Movement in Reserves during 2018/19</b>									
Surplus or (deficit) on the provision of Services	(78,008)	0	36,927	0	0	(41,081)	0	(111)	(41,192)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	43,138	1,530	44,668
<b>Total Comprehensive Income and Expenditure</b>	<b>(78,008)</b>	<b>0</b>	<b>36,927</b>	<b>0</b>	<b>0</b>	<b>(41,081)</b>	<b>43,138</b>	<b>1,419</b>	<b>3,476</b>
Adjustments between accounting basis & funding basis under regulations	69,879	0	(39,655)	0	(12,832)	17,392	(17,392)	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(8,129)</b>	<b>0</b>	<b>(2,728)</b>	<b>0</b>	<b>(12,832)</b>	<b>(23,689)</b>	<b>25,746</b>	<b>1,419</b>	<b>3,476</b>
Transfers to/(from) Earmarked Reserves	8,129	(8,129)	2,728	(2,728)	0	0	0	0	0
<b>Increase / (Decrease) in 2018/19</b>	<b>0</b>	<b>(8,129)</b>	<b>0</b>	<b>(2,728)</b>	<b>(12,832)</b>	<b>(23,689)</b>	<b>25,746</b>	<b>1,419</b>	<b>3,476</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>14,255</b>	<b>53,714</b>	<b>8,983</b>	<b>495</b>	<b>8,488</b>	<b>85,935</b>	<b>459,722</b>	<b>5,502</b>	<b>551,159</b>
<b>Movement in Reserves during 2019/20</b>									
Surplus or (deficit) on the provision of Services	19,559	0	16,165	0	0	35,724	0	378	36,102
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(106,096)		(106,096)
Group entity adjustment	0	0	0	0	0		0	(1,493)	(1,493)
<b>Total Comprehensive Income and Expenditure</b>	<b>19,559</b>	<b>0</b>	<b>16,165</b>	<b>0</b>	<b>0</b>	<b>35,724</b>	<b>(106,096)</b>	<b>(1,115)</b>	<b>(71,487)</b>
Adjustments between accounting basis & funding basis under regulations	(18,379)	0	(15,782)	0	2,418	(31,743)	31,743	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>2,418</b>	<b>3,981</b>	<b>(74,353)</b>	<b>(1,115)</b>	<b>(71,487)</b>
Transfers to/(from) Earmarked Reserves	(1,180)	1,180	(383)	383	0	0	0	0	0
<b>Increase / (Decrease) in 2019/20</b>	<b>0</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>2,418</b>	<b>3,981</b>	<b>(74,353)</b>	<b>(1,115)</b>	<b>(71,487)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>89,916</b>	<b>385,369</b>	<b>4,387</b>	<b>479,672</b>

## Group Balance Sheet

31 March 2019		31 March 2020
£000		£000
1,759,986	Property, Plant & Equipment:	1,858,888
54,152	Heritage Assets	58,616
126,360	Investment Properties	178,521
2,222	Intangible Non-Current Assets including AUC	2,292
478	Long-term Investments	367
10,251	Long-term Debtors	8,701
762	Deferred tax asset	654
<b>1,954,211</b>	<b>Total Long-Term Assets</b>	<b>2,108,039</b>
69,032	Short-term Investments	76,106
2,570	Assets held for Sale	1,860
2,594	Inventories	2,515
96,267	Short-term Debtors	133,400
21,799	Cash and Cash Equivalents	38,294
<b>192,262</b>	<b>Total Current Assets</b>	<b>252,175</b>
(13,306)	Short-term Borrowing	(29,625)
(109,249)	Short-term Creditors	(117,772)
(1,769)	Pension Strain	(1,496)
(6,876)	Provisions	(5,957)
(3,596)	Deferred Liabilities	(4,561)
0	Deferred Tax Liability	0
<b>(134,796)</b>	<b>Total Current Liabilities</b>	<b>(159,411)</b>
(717,700)	Long Term Borrowing	(808,440)
(25,706)	Provisions	(25,487)
(15,311)	Deferred Liabilities	(11,525)
(14,485)	Capital Contributions Receipts in Advance	(17,430)
(12,412)	Revenue Grants Receipts in Advance	(13,854)
(782)	Capital Grants Receipts in Advance	(1,424)
(2,560)	Pension Strain	(3,688)
(670,958)	Net Pensions Liability	(838,450)
(604)	Deferred tax liability	(833)
<b>(1,460,518)</b>	<b>Total Long-Term Liabilities</b>	<b>(1,721,131)</b>
<b>551,159</b>	<b>NET ASSETS</b>	<b>479,672</b>
	<b>Financed by:</b>	
14,255	Council Fund Balance	14,255
53,714	Council Fund Earmarked Reserves	54,894
8,983	Housing Revenue Account Balance	8,983
495	Housing Revenue Account Earmarked Reserves	878
8,488	Capital Receipts Reserve	10,906
<b>85,935</b>	<b>Usable Reserves</b>	<b>89,916</b>
271,739	Revaluation Reserve	291,190
864,171	Capital Adjustment Account	939,914
5,008	Deferred Capital Receipts	5,008
4,516	Financial Instruments Adjustments Reserve	4,529
(678,942)	Pensions Reserve	(848,114)

(8,901)	Accumulated Absences Adjustment Account	(11,580)
7,633	Reserves (Group Entities)	8,809
<b>465,224</b>	<b>Unusable Reserves</b>	<b>389,756</b>
<b>551,159</b>	<b>TOTAL RESERVES</b>	<b>479,672</b>

## Group Cash Flow

2018/19		2019/20
£000		£000
41,192	Net (Surplus) /Deficit on the provision of services	(36,102)
(121,080)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(32,067)
59,214	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	51,307
<b>(20,674)</b>	<b>Net cash flows from operating activities</b>	<b>(16,862)</b>
133,361	Purchase of property, plant and equipment, investment property and intangible assets	151,540
35,000	Purchase of short-term and long-term Investments	7,000
(4,936)	Other payments for investing activities	(3,575)
(9,232)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,974)
(68,618)	Capital Grants and Contributions	(36,798)
<b>85,575</b>	<b>Net cash flows from investing activities</b>	<b>108,193</b>
(32,934)	Cash receipts from short-term and long-term borrowing	(111,060)
(4,145)	Other receipts from financing activities	(3,861)
1,895	Cash payments for the reduction of outstanding liabilities relating to finance leases	448
4,288	Repayments of short-term and long-term borrowing	6,647
0	Other payments for financing activities	0
<b>(30,896)</b>	<b>Net cash flows from financing activities</b>	<b>(107,826)</b>
<b>34,005</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>(16,495)</b>
55,804	Cash and cash equivalents at the beginning of the reporting period	21,799
<b>21,799</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>38,294</b>

## Notes to Group Accounts

The following notes to the Group Accounts provide additional information in relation to Cardiff Bus. Further information can be found in the accounts of Cardiff City Transport Services Ltd (Cardiff Bus) company number 02001229.

### 1. Remuneration

The number of Cardiff Bus employees whose remuneration is over £60,000 per annum is disclosed below.

Number of Employees	Remuneration band £	Number of Employees
2018/19		2019/20
0	60,000-74,999	0
0	75,000-79,999	1
2	80,000-84,999	2
0	85,000-104,999	0
1	105,000-109,999	0
0	110,000-149,999	0
<b>3</b>	<b>Total</b>	<b>3</b>

The year-to-year change in the above remuneration banding is a result of a change to the management structure and the associated part year effects.

### 2. Related Parties Disclosures

Related party transactions and balances of the group are as contained in note 10 to the single entity financial statements. Cardiff City Transport Services Ltd have separately recognised related party transactions between itself and the Council, and also between itself and its own subsidiary, but not between itself and any other organisations.

### 3. Exceptional Items

There are no exceptional items reported in the 2019/20 Cardiff Bus Accounts.

### 4. Financial Instruments

In addition to the financial instrument disclosures in the single entity accounts it should be noted that the Council's shareholding in Cardiff Bus ceases to be a financial instrument, as the group balance sheet includes the net assets of the subsidiary and their corresponding net worth.

### 5. Prior Period Adjustment

There are no prior period adjustments.



# Trust Funds



## Trust Funds

During 2019/20, 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. Separate financial statements are produced for each, 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) – 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.

**Norwegian Church Preservation Trust** (519831) - The Norwegian Church Preservation Trust was transferred to the County Council, under the management of the Cardiff Harbour Authority in May 2006. It is intended to continue to retain and enhance the cultural, arts programmes and the links between Wales and Norway of this important visitor attraction on the Cardiff Bay Waterfront for future generations.

**Cardiff Further Education Trust Fund/Craddock Wells Trust** (525512) – Provision of premises for educational purposes and grants to eligible students. The property provided by the trust is used by the Council as the site for Cardiff High School.

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 2020 have yet to be examined. This is to be undertaken in January 2021 which is within the statutory deadlines set.

The Council administers the following charities, the purposes of which are outlined below:-

**R Fice Memorial Trust** (702695) – Provide financial assistance to those playing brass instruments

**The Howardian Trust** (1019801) – Provide financial support to young people in the former catchment area of Howardian High School.

A financial summary for each fund follows. Detailed financial statements may be obtained from:

**Christopher Lee**  
**Corporate Director Resources**  
**County Hall**  
**Cardiff**  
**CF10 4UW**



	Balance as at 31 March 2019 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2020 £
<b>Funds for which the Council is Sole Trustee</b>					
Llandaff War Memorial Fund	1,428	12	(11)	0	1,429
Maindy Park Foundation	78,996	420	(11)	0	79,405
Norwegian Church Preservation Trust	(110,896)	36,580	(45,516)	0	(119,832)
Cardiff Further Education Trust/Craddock Wells	24,677,342	145,928	(68,193)	(560,435)	24,194,642
<b>Total funds for which the Council is Sole Trustee</b>	<b>24,646,870</b>	<b>182,940</b>	<b>(113,731)</b>	<b>(560,435)</b>	<b>24,155,644</b>
<b>Funds administered by the Council</b>					
R Fice Memorial Trust	64,046	2,441	(2,173)	(12,509)	51,805
The Howardian Trust	35,133	882	0	(475)	35,540
<b>Total funds which are administered by the Council</b>	<b>99,179</b>	<b>3,323</b>	<b>(2,173)</b>	<b>(12,984)</b>	<b>87,345</b>
<b>Total</b>	<b>24,746,049</b>	<b>186,263</b>	<b>(115,904)</b>	<b>(573,419)</b>	<b>24,242,989</b>

Please note that there will be differences in the income and expenditure figures quoted above compared to that included in the return to the Charity Commission. The figures above are calculated on an accruals basis whereas the returns are calculated on a cash basis.



# 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. The financial statements that follow are an extract from the accounts of the County Council of the City and County of Cardiff and have been prepared in line with International Financial Reporting Standards (IFRS) as well as the requirements of the Companies Act 2006.

This narrative report replaces the Director's report required by the Companies Act 2006.

### **Annual Governance Statement**

The Harbour Authority is not a separate entity to the Council and the financial transactions and systems, governance and controls of the Harbour Authority are integrated into those of the Council.

### **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 1993.

The Agreement has since been varied by the Deeds of Variation between the Welsh Ministers and the Council, with the latest dated 21 March 2019.

### **Review of the Financial Year**

Welsh Government funding for the Harbour Authority is subject to three-year agreements, the latest of which expired on 31 March 2017. The Welsh Government advised they would like an opportunity to review such arrangements, however as negotiations remained ongoing at the time, it was agreed that the third review which was due to be completed by 1 April 2017, would be deferred by the parties and the Business Period extended to 31 March 2020. Subsequently, agreement was reached for the 2019/20 budget to be set at £5.326 million, which included an additional £103,000 due to grant funding approved because of Storm Dennis, representing a reduction of £74,000 or 1.4% on 2018/19.

The financial deficit after accounting adjustments for the year ended 31 March 2020 was £2.278 million (£2.791 million in 2018/19).

Total Capital Expenditure incurred during the year was £595,000 and of this, £565,000 was funded by Grant. This was a single year programme in 2019/20 for works at the harbour, barrage and surrounding environmental infrastructure. This includes works on the bascule bridges, replacement of electrical lock panels and replacement of the deck mounted crane on the harbour boat.

### **Key Achievements**

- Delivered the business plan within budget at year end
- Retained Green Flag Status for the Barrage, Cardiff Bay Wetlands and Flat Holm
- Continued accreditation of the ISO14001 standard

- Effectively facilitated and delivered events on the Barrage and in the Roald Dahl Plas including supporting a new model for the International Food and Drink Festival
- High level compliance in maintaining statutory water quality standards comprising over 400,000 readings with an excellent monitoring regime and mitigation measures in place
- 512 tonnes of litter removed from the rivers and bay
- Runner up in the Arts and Environment Award Category for the 'Under the Bridge' project with Arts Active
- Community liaison with Penarth, Central, Splott and Adamsdown and the relevant properties outside the protected property line concerning the end of the Property Protection Scheme
- Excellent attendances and feedback on courses, activities and events at Cardiff International White Water (CIWW), Cardiff Bay Water Activity Centre (CBWAC) and Sailing Centre including 210 disabled Sailability sessions and 600 school sailing sessions. CIWW worked to secure GB SUP series, BC Prem Slalom, BC Boater X, and BC freestyle events for 2020
- Third year of record entries for the Welsh Indoor Rowing Championships & Schools Championships totaling over 1500 competitors and 700 spectators each day
- Effectively dealt with the consequences of the extreme weather conditions through Barrage operations, Harbour and Environment teams.

## ***Guide to the Financial Statements***

The main statements provided are shown in the pages that follow along with supporting notes. Cash flows of the Harbour Authority are integrated with those of the Council. A Cash Flow Statement has not been provided, in accordance with Section 394 of the Companies Act 2006.

### **Comprehensive Income and Expenditure 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. The Harbour Authority has operated within budget but statutory adjustments including capital charges are the reason the Comprehensive Income and Expenditure Statement is showing a deficit.

### **Balance Sheet**

Provides a 'snap shot' of the Harbour Authority's assets, liabilities, cash balances and reserves at the year-end date.

## ***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 except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent.

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 its income and expenditure for the financial year 2019/20 and financial position of the Harbour Authority at 31 March 2020.

**Christopher Lee**  
**Corporate Director Resources**

**Date: 22 October 2020**

## ***The Independent Auditor's Report of the Auditor General for Wales to those Charged with Governance of Cardiff Harbour Authority***

I have audited the financial statements of Cardiff Harbour Authority for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's financial statements comprise the Comprehensive Income and Expenditure Statement and the Balance Sheet and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards (IFRSs).

### **Opinion**

In my opinion, except for the possible effects of the matters described in the 'Basis for qualified opinion' section of my report, the financial statements:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the International Financial Reporting Standards.

### **Basis for Qualified Opinion**

Note 3 to the financial statements discloses that Cardiff Harbour Authority held inventory of £352,000 as at 31 March 2020. Due to the impact of the COVID-19 pandemic and the statutory lockdown arrangements that took effect from 23 March 2020, Cardiff Harbour Authority was unable to undertake a stock take of its inventory and therefore, I was unable to observe and re-perform parts of that stock take.

As I have been unable to obtain the required assurance by alternative means, I am therefore unable to determine whether Cardiff Harbour Authority's reported year-end inventory balance of £352,000 is materially true and fair.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of Cardiff Harbour Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Cardiff Harbour Authority's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is responsible for the other information in the Narrative Report. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit, the information contained in the Narrative Report to the accounts is consistent with the accounting statements and related notes.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of Cardiff Harbour Authority and its environment obtained in the course of the audit, I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or

- I have not received all the information and explanations I require for my audit.

## 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.

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Cardiff Harbour Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
26 October 2020 CF11 9LJ

24 Cathedral Road  
Cardiff

## *Accounting policies used when formulating the accounts*

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2019/20 financial year and its financial position at 31 March 2020. 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:

### *1. 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. 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. There is a de minimis threshold of £500 under which income and expenditure may not be accrued.

### *2. Employee Benefits Payable during Employment*

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis within the Employee expenditure line in the Comprehensive Income and Expenditure Statement.

### *3. Grants and Contributions*

Grants and other contributions are accounted for on an accruals basis and recognised when:

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

### **Revenue**

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 Income in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

### **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. Where a specific Capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a Creditor.

### *4. 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 expenditure.

## 5 Overheads and Support Services Costs

Cardiff Council makes recharges in respect of the cost of support services to the 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.

## 6 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.

The Harbour Authority 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, excluding borrowing costs which are not capitalised. These assets are then carried in the Balance Sheet using the following measurement bases:

Asset Type	Measurement	Range of Remaining Useful Lives
Assets under Construction	Depreciated Historical Cost	n/a
Buildings	Existing Use or Depreciated Replacement Cost	14-57
Community Assets	Depreciated Historical Cost	n/a
Heritage Assets	Historic Cost and only measured at fair value where the benefits of doing so outweigh the costs	n/a
Infrastructure **	Depreciated Historical Cost	7-120
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	7

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

### Revaluation:

Land and buildings are revalued as part of a three year rolling programme.

Investment properties and Surplus Assets are reviewed annually for any material changes as a result of the overall Market with a formal revaluation of Investment properties at least every two years.

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:**

The Capital charges line on the Harbour Authority Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding assets during the year:

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

The Harbour Authority does not receive grants 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 impaired in value, either due to a significant reduction in service potential or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is 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
- thereafter, or if there is no balance in the Revaluation Reserve, 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 Capital charges line 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).

## **7. Reserves**

The Harbour Authority holds a general reserve for accumulated operational surpluses and deficits and a revaluation reserve to manage the accounting processes for non-current assets.

## **8. 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. These accounts have been prepared exclusive of VAT, except where deemed irrecoverable.

## Comprehensive Income and Expenditure Statement

2018/19		2019/20
£000		£000
	<b>Income</b>	
(5,202)	Government Grants	(4,818)
(104)	Capital Grants Applied	(565)
(958)	Fees and Charges	(906)
<b>(6,264)</b>	<b>Total Income</b>	<b>(6,289)</b>
	<b>Expenditure</b>	
2,867	Employees	2,801
1,171	Premises	1,121
57	Transport	68
1,647	Supplies and Services	1,343
481	Support Services	450
0	Third Party Payments	4
2,832	Capital Charges	2,780
<b>9,055</b>	<b>Total Expenditure</b>	<b>8,567</b>
<b>2,791</b>	<b>Net Expenditure for the Year</b>	<b>2,278</b>

## Balance Sheet

31 March 2019		Note	31 March 2020
£000			£000
162,811	Property, Plant and Equipment	2	160,626
56	Heritage Assets	2	56
<b>162,867</b>	<b>Total Long Term Assets</b>		<b>160,682</b>
352	Inventory	3	352
40	Debtors	4	41
633	Cash		276
<b>1,025</b>	<b>Total Current Assets</b>		<b>669</b>
(853)	Creditors	5	(590)
<b>(853)</b>	<b>Total Current Liabilities</b>		<b>(590)</b>
<b>163,039</b>	<b>Net Assets</b>		<b>160,761</b>
	<b>Funded by:</b>		
158,550	General Reserve	1	156,272
4,489	Revaluation Reserve	1	4,489
<b>163,039</b>	<b>Total Reserves</b>		<b>160,761</b>

## Notes to the Financial Statements

### 1. Reserves

2018/19			2019/20	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
161,341	4,588	Balance as at 1 April	158,550	4,489
(2,791)	(99)	Movements in Reserves	(2,278)	0
158,550	4,489	Balance as at 31 March	156,272	4,489

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £63,000 as at 31 March 2020 (£42,000 as at 31 March 2019).

### 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.

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus	Investment Assets	PP&E under construction	Total Property, Plant & Equipment	Heritage Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2018</b>	6,749	1,357	219,249	1,103	0	333	222	229,013	56
Additions	0	72	129	0	0	0	0	201	0
Revaluations Increases/(Decreases) recognised in the RR*	(235)	0	0	0	0	0	0	(235)	0
Revaluations Increases/(Decreases) recognised in the CIES**	(126)	0	0	0	10	0	0	(116)	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	(156)	0	0	0	0	0	(156)	0
Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0
Other Reclassifications - Transfers	189	0	0	0	33	0	(222)	0	0
<b>At 31 March 2019</b>	6,577	1,273	219,378	1,103	43	333	0	228,707	56
Additions	0	86	509	0	0	0	0	595	0

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus	Investment Assets	PP&E under construction	Total Property, Plant & Equipment	Heritage Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2018</b>	<b>6,749</b>	<b>1,357</b>	<b>219,249</b>	<b>1,103</b>	<b>0</b>	<b>333</b>	<b>222</b>	<b>229,013</b>	<b>56</b>
Revaluations Increases/(Decreases) recognised in the RR	0	0	0	0	0	0	0	0	0
Revaluations Increases/(Decreases) recognised in the CIES	0	0	0	0	0	0	0	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
Other Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	<b>6,577</b>	<b>1,359</b>	<b>219,887</b>	<b>1,103</b>	<b>43</b>	<b>333</b>	<b>0</b>	<b>229,302</b>	<b>56</b>
<b>Movements in Depreciation/Impairment</b>									
<b>1 April 2018</b>	<b>172</b>	<b>597</b>	<b>62,704</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,473</b>	<b>0</b>
Depreciation Charge	72	182	2,496	0	0	0	0	2,750	0
Depreciation written out on Impairment	0	0	0	0	0	0	0	0	0
Depreciation written out to the RR	(136)	0	0	0	0	0	0	(136)	0
Depreciation written out to the CIES	(35)	0	0	0	0	0	0	(35)	0
Derecognition - Disposals	0	(156)	0	0	0	0	0	(156)	0
Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>73</b>	<b>623</b>	<b>65,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,896</b>	<b>0</b>
Depreciation Charge	72	194	2,514	0	0	0	0	2,780	0
Depreciation written out on Impairment	0	0	0	0	0	0	0	0	0
Depreciation written out to the RR	0	0	0	0	0	0	0	0	0
Depreciation written out to the CIES	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	<b>145</b>	<b>817</b>	<b>67,714</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,676</b>	<b>0</b>
<b>Net Book Value:</b>									
<b>At 31 March 2019</b>	<b>6,504</b>	<b>650</b>	<b>154,178</b>	<b>1,103</b>	<b>43</b>	<b>333</b>	<b>0</b>	<b>162,811</b>	<b>56</b>
<b>At 31 March 2020</b>	<b>6,432</b>	<b>542</b>	<b>152,173</b>	<b>1,103</b>	<b>43</b>	<b>333</b>	<b>0</b>	<b>160,626</b>	<b>56</b>

\* RR = Revaluation Reserve

\*\*CIES = Comprehensive Income and Expenditure Statement

### 3. Inventory

2018/19		2019/20
£000		£000
362	Balance as at 1 April	352
(10)	Inventory written off to the CIES*	0
352	Balance as at 31 March	352

\*Due to Covid 19, an Inventory count was not possible at the Balance Sheet date 31 March 2020

### 4. Debtors

31 March 2019		31 March 2020
£000		£000
0	Central Government Bodies	0
40	Trade Receivables	41
40	Total Debtors	41

### 5. Creditors

31 March 2019		31 March 2020
£000		£000
(93)	Central Government Bodies	(29)
(760)	Trade Payables	(561)
(853)	Total Creditors	(590)



# Glossary of Accounting 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 the goods or services are provided rather than when the payment 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 pension's 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.

**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.

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Cardiff & Vale of Glamorgan  
**Pension Fund**



# **Statement of Accounts 2019/20**

## **Contents**

<b>Narrative Report</b>	<b>2</b>
<b>Actuarial Statement</b>	<b>4</b>
<b>Statement of Responsibilities</b>	<b>8</b>
<b>Audit Report</b>	<b>9</b>
<b>Fund Account</b>	<b>12</b>
<b>Net Assets Statement</b>	<b>13</b>
<b>Notes to the Accounts</b>	<b>14</b>
<b>Glossary</b>	<b>31</b>

## ***Narrative Report***

The County Council of the City and County of Cardiff (Cardiff Council) is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is itself part of the national Local Government Pension Scheme (LGPS) for England & Wales. The LGPS is the statutory occupational pension scheme for all local government employees (except teachers) and the regulations are determined by the UK Government. The Council's responsibilities as manager of the Fund are discharged through the Pensions Committee, which has oversight of the Fund's strategies and policies. Operational management of the Fund has been delegated to the Corporate Director Resources. The Local Pension Board assists the Council to secure compliance with the LGPS regulations and the requirements of the Pensions Regulator and to ensure the effective and efficient administration of the scheme.

The number of contributing members increased by around 1,500 during the year to just under 18,000, and the number of pensions in payment continues to increase with now nearly 12,000 pensioners and dependents receiving benefits from the Fund. In addition, there was a slight increase in the number of deferred pensioners and dependents, now standing at just under 14,000.

The triennial actuarial valuation of the Fund as at 31 March 2019 was carried out during the year. The funding ratio improved from 85% to 96%. This was largely due to the growth in Fund assets over the three years, offset by an increase in liabilities due to changes in financial assumptions. The overall funding deficit was reduced from £300 million to £95 million and employer contributions have been set for the next three years with the aim of recovering deficits within 17 years. The contributions include an allowance for possible additional liabilities arising from the 'McCloud' judgement, which ruled that transitional protection arrangements for certain public sector pension schemes were illegal. The UK Government is considering changes to the protection arrangements for all public sector schemes, including the LGPS.

The value of the Pension Fund's assets fell by 6.9% during 2019/20, from £2.178 billion to £2.028 billion. Despite brief periods of volatility, investment markets made steady gains over the first nine months of the financial year. Market sentiment changed dramatically in the final quarter in response to the spread of Covid-19, resulting in losses across all regions and sectors on a scale not seen since the global financial crisis of 2008/09. The return for the year was -7.4% against a benchmark return of -7.2%. However, it is important to note that this is a snap shot of the position as at 31 March 2020. The Pension Fund is a defined benefit scheme, which means that members' benefits are not linked to stock market performance. The Pension Fund is a long term investor and members can be assured that contributions are reviewed as part of the triennial valuation.

The eight LGPS fund authorities in Wales continued to make progress during the year in the development of the Wales Pension Partnership (WPP) which was established in 2017 to oversee the pooling of the funds' investments. Following the launch of the first two pooled funds in January 2019, a third fund – the UK Equities Opportunities Fund – was launched in September. Cardiff participated in this launch with a transfer of £217 million (value at date of transfer) from its UK equities portfolios. Further funds will be launched in 2020/21 including five Fixed Income funds. During the year the WPP also launched its own website and has developed several strategic policy documents.

In July 2019, in response to the concerns of the Council and other stakeholders regarding climate change, Cardiff's Pensions Committee agreed to allocate 10% of Fund investments to a Low Carbon fund. This decision was implemented in February 2020 with a transfer of £235 million (value at date of transfer) into the Low Carbon Tracker Fund managed by BlackRock, the Fund's passive investments manager. The impact

of this investment will be monitored carefully and options for further action will be considered during 2020/21.

During 2019/20 the Cardiff and Vale of Glamorgan Pension Fund was included in a pilot governance review by the Pensions Regulator of six funds in England, Wales and Northern Ireland. This review was conducted under the Pensions Regulator Code of Practice 14 which covers governance and administration of Public Sector Schemes. Whilst the fund was chosen at random the Regulator made it clear that if they identified any areas that merited concern they reserved the right to conduct an in depth review. The review was concluded in April 2019 and the regulator was satisfied that the fund is well managed and they didn't identify any areas for further in depth review. They made a number of recommendations that were reported to the Pensions Committee in July 2019 which mainly focused on Governance issues for the Fund. These have been accepted and a number have already been implemented such as publishing Pension Board minutes and adopting a formal complaint policy. In addition to this review it was also decided to seek assurance that the Pensions in payment were accurate and an exercise was commissioned to review and identify any potential under or overpayments. This work is currently ongoing and is expected to be concluded by October 2020. Any over or underpayments identified are being dealt with in accordance with the over and under payment policy approved by the Pensions Committee.

The Fund's key objective continues to be to deliver an effective and efficient service to over 43,000 contributing employees, pensioners and deferred members, and to minimise the financial burden on contributing employers over the long term.

**Christopher Lee**  
**Corporate Director Resources**

## Actuarial Statement

### 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 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

### Actuarial Position

1. The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation, with the market value of the Fund's assets as at 31 March 2019 (of £2.178 billion) covering 96% 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 required to be paid by participating employers with effect from 1 April 2020 was:
  - 18.8% of pensionable pay. This is 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

- an allowance of 0.9% of pay for McCloud and cost management – see paragraph 9 below,

#### Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 17 years from 1 April 2020, equivalent to 1.8% of pensionable pay (or £5.7M in 2020/21, and increasing by 3.1% p.a. thereafter), which together with the allowance above comprises the secondary rate.
3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 30 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2023 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	20.9%	1.6
2021	20.9%	1.8
2022	20.9%	2.0

4. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution increases and individual employers' recovery

periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.

5. The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

<b>Discount rate for periods in service</b>	
Scheduled body employers *	4.3% p.a.
Ongoing Orphan employers	4.3% p.a.
Low risk funding target	1.3% p.a.
<b>Discount rate for periods after leaving service</b>	
Scheduled body employers *	4.3% p.a.
Ongoing Orphan employers	1.6% p.a.
Low risk funding target	1.3% p.a.
<b>Rate of pay increases</b>	<b>3.1% p.a.</b>
<b>Rate of increase to pension accounts</b>	<b>2.1% p.a.</b>
<b>Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)</b>	<b>2.1% p.a.</b>

\* The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

In addition, the discount rate for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and employer has exited the Fund) was 1.3% p.a.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, are set out in the actuarial valuation report.

6. 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 an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018) with  $s_k$  of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	<b>Men</b>	<b>Women</b>
Current pensioners aged 65 at the valuation date	22.1	24.5
Future pensioners aged 45 at the valuation date	23.1	25.9

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date, although we comment on changes in market conditions to 31 March 2020 in paragraph 10 below.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 30

March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

9. There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

▪ **Increases to Guaranteed Minimum Pensions (GMPs):**

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. However, the Government is still exploring various options, including conversion of GMPs to Scheme benefits, in order to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case.

The results of the 2019 valuation do not allow for the impact of potentially extending this interim solution indefinitely, providing full pension increases on GMPs for members reaching State Pension Age after 5 April 2021 nor for conversion of GMPs to Scheme benefits. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

● **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS is expected in June 2020.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the LGPS changes have been agreed depending upon the precise nature of the new final salary underpin, the members in scope, and how this affects the cost management process.

10. Since the valuation date, Fund asset returns have fallen short of the assumed return of around 4.3% over the year to 31 March 2020, on its own leading to a reduction in the funding level. In addition, reduced expectations of future asset returns and falls in gilt yields have led to a decrease in the discount rates, further reducing funding levels and increasing the primary rate. The Actuary, in conjunction with the Administering Authority, will monitor the position on a regular basis and the Administering Authority will take action where it deems it necessary.

11. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. This Statement provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. 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 including any impact of Covid-19 .

Aon does not accept any responsibility or liability to any party other than our client, the County Council of the City and County of Cardiff, the Administering Authority of the Fund, in respect of this Statement.

12. The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

<https://www.cardiffandvalepensionfund.org.uk/about-the-fund/actuarial-valuation-reports/>

**Aon Hewitt Limited**

**June 2020**



## ***Statement of Responsibilities for the Financial Statements***

### ***The Council's responsibilities***

As administering authority of the Cardiff and Vale of Glamorgan Pension Fund, Cardiff 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 2019/20 that officer was Christopher Lee, Corporate Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Daniel De'Ath  
Lord Mayor**

**Date: 22 October 2020**

### ***The Corporate Director Resources responsibilities***

The Corporate Director Resources (who holds the statutory post of Section 151 Officer) 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 2019/20 (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.

### ***Corporate Director Resources Certificate***

The financial statements for the Cardiff and Vale of Glamorgan Pension Fund give a true and fair view of its income and expenditure for the financial year 2019/20 and financial position at 31 March 2020.

**Christopher Lee  
Corporate Director Resources**

**Date: 22 October 2020**

***The independent auditor's report of the Auditor General for Wales to the members of the County Council of the City and County of Cardiff as administering authority for Cardiff & Vale of Glamorgan Pension Fund***

***Report on the audit of the financial statements***

***Opinion***

I have audited the financial statements of Cardiff & Vale of Glamorgan Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Cardiff & Vale of Glamorgan Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. 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 2019-20 based on International Financial Reporting Standards (IFRSs). In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

***Basis for opinion***

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

***Emphasis of Matter – effects of COVID-19 on the valuation of Pooled Property Funds***

I draw attention to Note 4 'Assumptions made about the future and other major sources of estimation uncertainty' to the financial statements, which describes material valuation uncertainty clauses in property fund managers valuation reports for Pooled Property Funds, arising from circumstances caused by the COVID-19 pandemic.

My opinion is not modified in respect of this matter.

***Conclusions relating to going concern***

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### *Other information*

The responsible financial officer is responsible for the other information in the Narrative Report. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

### **Report on other requirements**

#### *Opinion on other matters*

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

#### *Matters on which I report by exception*

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report. 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 financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

#### *Certificate of completion of audit*

I certify that I have completed the audit of the accounts of Cardiff & Vale of Glamorgan Pension Fund in

accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

## ***Responsibilities***

### ***Responsibilities of the responsible financial officer for the financial statements***

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### ***Auditor's responsibilities for the audit of the financial statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Adrian Crompton**  
**Auditor General for Wales**  
**Date: 26 October 2020**

**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

## Fund Account

2018/19		Note	2019/20
£000			£000
	<b>Dealings with members, employers and others directly involved in the fund</b>		
	<b>Contributions</b>		
(69,768)	From employers	7	(75,323)
(18,626)	From employees	7	(19,522)
(5,168)	Group transfers from other schemes or funds		0
(6,719)	Individual transfers from other schemes or funds		(8,864)
(2,825)	Other income (capitalised payments and interest on deficit funding)		(3,452)
<b>(103,106)</b>			<b>(107,161)</b>
	<b>Benefits Payable</b>		
65,790	Pensions	8	70,038
18,134	Lump sums, grants and other payments	8	19,166
	<b>Payments to and on account of leavers</b>		
188	Refunds of contributions		274
67	Group transfers to other schemes or funds		0
7,397	Individual transfers to other schemes or funds		6,621
<b>91,576</b>			<b>96,099</b>
<b>(11,530)</b>	<b>Net (additions)/withdrawals from dealings with members of the Fund</b>		<b>(11,062)</b>
8,083	Management expenses	9	8,429
<b>(3,447)</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>(2,633)</b>
	<b>Returns on Investment</b>		
(27,498)	Investment income	10	(27,397)
(80,299)	Change in market value of investments	11a	180,253
<b>(107,797)</b>	<b>Net returns on investments</b>		<b>152,856</b>
<b>(111,244)</b>	<b>Net (increase)/decrease in the Fund during year</b>		<b>150,223</b>
(2,066,584)	Opening net assets of the scheme		(2,177,828)
<b>(2,177,828)</b>	<b>Closing net assets of the scheme</b>		<b>(2,027,605)</b>

## Net Assets Statement

2018/19		Note	2019/20
£000			£000
2,112,376	Investments at market value	11	1,975,769
51,029	Cash (including derivatives) and investment proceeds due	11	38,457
<b>2,163,405</b>	<b>Total investments</b>		<b>2,014,226</b>
42	UK & overseas tax		71
4,845	Contributions due from employers and deficit funding		4,599
443	Sundry debtors		839
2,177	Pension strain costs due within one year		1,642
<b>7,507</b>	<b>Total current assets</b>		<b>7,151</b>
6,947	Deficit funding (former employers)		4,654
2,560	Pension strain costs due after one year		3,688
<b>9,507</b>	<b>Total non-current assets</b>		<b>8,342</b>
(426)	Unpaid benefits		(163)
(1,358)	Sundry creditors		(1,214)
(105)	Provision - death grants	19	0
<b>(1,889)</b>	<b>Total current liabilities</b>		<b>(1,377)</b>
(702)	Provision - death grants	19	(737)
<b>(702)</b>	<b>Total non-current liabilities</b>		<b>(737)</b>
<b>2,177,828</b>	<b>Net assets of the scheme</b>		<b>2,027,605</b>

## **Notes to the Accounts**

### **1. Basis of Preparation**

The Statement of Accounts summarises the transactions and net assets of the Fund for the financial year 2019/20. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, 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.

The accounts have been prepared on a going concern basis.

### **2. Summary of Significant Accounting Policies**

#### **Accounting standards that have been issued but not yet adopted**

At the balance sheet date, no accounting standards issued but not yet adopted have been identified.

#### **Income and Expenditure**

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 benefits in the future, which has been separately disclosed within the notes to the accounts.

#### **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".

#### **Valuation of Investments**

Investments are included in the financial statements on a fair value basis as at the reporting date. The values of investments as shown in the net assets statement have been determined in accordance with the requirements of the Code and IFRS 13. Valuation methods employed by the fund are detailed within Note 13c.

#### **Cash and Cash Equivalents**

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts. It includes deposits with financial institutions, including investment managers and the custodian, that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

#### **Foreign Currency Transactions**

Overseas investments have been converted at WM/Reuters closing spot rates of exchange.

## Taxation

Taxation	Treatment
UK Income Tax	The fund is an exempt approved fund able to recover UK Income Tax.
UK Capital Gains Tax	No Capital Gains Tax is Chargeable.
Value Added Tax	Accounts are shown exclusive of VAT. As the Council is the administering Authority, VAT is recoverable on all Fund activities.
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.

### 3. 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.

#### Pension fund liability

This is calculated in accordance with IAS19 every three years by the actuary, with an annual statement in the intervening years. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary.

### 4. 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
<b>Actual present value of promised retirement benefits</b>	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.
<b>Private Equity Valuations</b>	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 £89 million. There is a risk that this investment may be under, or overstated in the accounts.
<b>Pooled Property Funds</b>	Valuation techniques are used to determine the carrying amount of pooled property funds. Market activity is being impacted in many sectors by Covid-19. At the March 2020 reporting date, property fund managers consider that they can attach less weight to	Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the



	previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances upon which to case a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund valuations.	reporting date and the £165.2m valuation for pooled property funds is less reliable than usual. The 1 year expected volatility of 4.2% could increase the valuation to £172.2m or decrease it to £158.3m.
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## 5. Titles of Ownership

Evidences of ownership for the property unit trusts and private equity holdings are held by Cardiff Council. All other evidences of ownership were held at 31 March 2020 by The Northern Trust Company for the benefit of the Council. Statements of holdings have been provided by Northern Trust.

## 6. Membership

Fund membership at 31 March 2020 is as follows:

<b>2018/19</b>		<b>2019/20</b>
45	Contributing employers	48
<b>45</b>	<b>Total contributing employers</b>	<b>48</b>
16,193	Contributors	17,699
11,554	Pensioners	11,945
13,040	Deferred pensioners	13,608
<b>40,787</b>	<b>Total membership</b>	<b>43,252</b>

## 7. Employing Bodies – Contributions

2019/20	No. of contributors at 31/03/2020	Employers	Employees	Total	Additional lump sum*
		£000	£000	£000	£000
<b>Administering Body:</b>					
Cardiff Council	10,205	(45,650)	(12,074)	(57,724)	0
<b>Scheduled Bodies:</b>					
Vale of Glamorgan Council	3,832	(15,102)	(3,787)	(18,889)	(6)
Town and Community Councils	56	(275)	(62)	(337)	0
Education Bodies	1,473	(6,487)	(2,437)	(8,924)	(951)
Other Scheduled Bodies	10	(78)	(24)	(102)	0
<b>Admitted Bodies:</b>					
Admitted Bodies	826	(7,731)	(1,138)	(8,869)	(3,844)
<b>Total</b>	<b>16,402</b>	<b>(75,323)</b>	<b>(19,522)</b>	<b>(94,845)</b>	<b>(4,801)</b>

2018/19	No. of contributors at 31/03/2019	Employers	Employees	Total	Additional lump sum*
		£000	£000	£000	£000
<b>Administering Body:</b>					
Cardiff Council	10,036	(42,897)	(11,316)	(54,213)	0
<b>Scheduled Bodies:</b>					
Vale of Glamorgan Council	3,969	(14,127)	(3,809)	(17,936)	(4)
Town and Community Councils	58	(277)	(63)	(340)	0
Education Bodies	1,376	(6,071)	(2,245)	(8,316)	(1,006)
Other Scheduled Bodies	15	(114)	(33)	(147)	0
<b>Admitted Bodies:</b>					
Admitted Bodies	739	(6,282)	(1,160)	(7,442)	(2,420)
<b>Total</b>	<b>16,193</b>	<b>(69,768)</b>	<b>(18,626)</b>	<b>(88,394)</b>	<b>(3,430)</b>

\*Memorandum account; totals included within Employers total.

### **Additional deficit funding**

There was no additional deficit funding in 2019/20 (no additional deficit funding in 2018/19).

## 8. Employing Bodies - Benefits Payable

2019/20	Retirement Pensions	Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
<b>Administering Body:</b>				
Cardiff Council	44,584	10,289	1,755	543
<b>Scheduled Bodies:</b>				
Vale of Glamorgan Council	13,659	3,142	456	131
Town and Community Councils	222	29	169	0
Education Bodies	3,231	459	334	19
Other Scheduled Bodies	2,676	301	78	10
<b>Admitted Bodies:</b>				
Admitted Bodies	5,666	1,189	191	71
<b>Total</b>	<b>70,038</b>	<b>15,409</b>	<b>2,983</b>	<b>774</b>

2018/19	Retirement Pensions	Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
<b>Administering Body:</b>				
Cardiff Council	41,735	8,777	1,685	442
<b>Scheduled Bodies:</b>				
Vale of Glamorgan Council	12,801	3,689	554	173
Town and Community Councils	228	53	0	0
Education Bodies	3,037	882	332	58
Other Scheduled Bodies	2,604	212	0	0
<b>Admitted Bodies:</b>				
Admitted Bodies	5,385	1,060	212	5
<b>Total</b>	<b>65,790</b>	<b>14,673</b>	<b>2,783</b>	<b>678</b>

## 9. Management Expenses

Management Expenses fully charged to the Fund are:

2018/19		2019/20
£000		£000
1,120	Administration costs	1,880
32	Audit fees	32
<b>1,152</b>	<b>Total administration costs</b>	<b>1,912</b>
6,704	Management fees	6,221
126	Custody fees	151
<b>6,830</b>	<b>Total investment management expenses</b>	<b>6,372</b>
101	Oversight and governance costs	145
<b>8,083</b>	<b>Total</b>	<b>8,429</b>

## 10. Investment Income

2018/19		2019/20
£000		£000
(10,167)	UK fixed interest securities	(10,019)
(4,209)	Overseas fixed interest securities	(4,830)
(4,638)	UK equities and private equity funds	(4,209)
(1,650)	Pooled investments	(1,608)
(4,615)	Overseas equities	(5,445)
(1,922)	Pooled Property Unit Trust Income	(948)
(196)	Interest on UK cash	(218)
(101)	Securities lending	(120)
<b>(27,498)</b>	<b>Total</b>	<b>(27,397)</b>

## 11. Investments at Market Value

2018/19		2019/20
£000		£000
92,014	UK public sector fixed interest securities	105,875
286,132	UK other (pooled) fixed interest securities	289,045
186,911	Overseas public sector (pooled)	191,158
<b>565,057</b>	<b>Total fixed interest</b>	<b>586,078</b>
119,317	UK quoted equities & convertibles	0
179,868	Overseas quoted equities	164,067
<b>299,185</b>	<b>Total quoted equities</b>	<b>164,067</b>
425,357	UK unitised insurance policies (pooled)	209,032
96,964	UK other managed funds	228,080
411,205	Overseas unitised insurance policies (pooled)	294,639
76,440	Overseas other managed funds	239,958
<b>1,009,966</b>	<b>Total pooled funds</b>	<b>971,709</b>
155,944	Pooled property unit trusts (UK & Global)	165,246
82,224	Private equity	88,669
<b>2,112,376</b>	<b>Subtotal</b>	<b>1,975,769</b>
(1,243)	Derivatives: Forward currency contracts	3,212
<b>(1,243)</b>	<b>Total derivatives</b>	<b>3,212</b>
15,214	Fund manager's cash	6,730
34,355	Internal/custodian cash	26,051
2,703	Net investment proceeds due	2,464
<b>52,272</b>	<b>Total cash</b>	<b>35,245</b>
<b>2,163,405</b>	<b>Total</b>	<b>2,014,226</b>

The investments in UK quoted equities & convertibles were transferred to UK other managed funds during the year.

The Coronavirus (COVID-19) pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, the year-end valuation reports provided to Cardiff and Vale of Glamorgan Pension Fund include a statement that there is a material valuation uncertainty in respect of pooled property investments managed on behalf of the Pension Fund as at 31 March 2020.

## 11a. Reconciliation in movement in investments

2019/20	Value at 31/03/19	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/20
	£000	£000	£000	£000	£000
Fixed interest securities	565,057	372,524	(377,841)	26,338	586,078
Equities	299,185	69,622	(203,202)	(1,538)	164,067
Pooled funds	1,009,966	478,788	(234,115)	(282,930)	971,709
Pooled property unit trusts	155,944	781	0	8,521	165,246
Private equity	82,224	8,860	(15,434)	13,019	88,669
<b>Sub-total</b>	<b>2,112,376</b>	<b>930,575</b>	<b>(830,592)</b>	<b>(236,590)</b>	<b>1,975,769</b>
Derivatives	(1,243)	2,921,655	(2,914,474)	(2,726)	3,212
<b>Total derivatives</b>	<b>(1,243)</b>	<b>2,921,655</b>	<b>(2,914,474)</b>	<b>(2,726)</b>	<b>3,212</b>
Managers' cash	15,214				6,730
Internal/custodian cash	34,355				26,051
Net investment proceeds due	2,703				2,464
<b>Total cash</b>	<b>52,272</b>				<b>35,245</b>
<b>Sub-total</b>	<b>2,163,405</b>			<b>(239,316)</b>	<b>2,014,226</b>
Net realised movement in cash				59,063	
<b>Total</b>	<b>2,163,405</b>			<b>(180,253)</b>	<b>2,014,226</b>

2018/19	Value at 31/03/18	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/19
	£000	£000	£000	£000	£000
Fixed interest securities	552,919	294,150	(292,012)	10,000	565,057
Equities	294,107	54,983	(47,302)	(2,603)	299,185
Pooled funds	951,339	920	0	57,707	1,009,966
Pooled property unit trusts	134,177	14,633	0	7,134	155,944
Private equity	79,302	7,268	(18,214)	13,868	82,224
<b>Sub-total</b>	<b>2,011,844</b>	<b>371,954</b>	<b>(357,528)</b>	<b>86,106</b>	<b>2,112,376</b>
Derivatives	1,237	2,813,437	(2,813,426)	(2,491)	(1,243)
<b>Total derivatives</b>	<b>1,237</b>	<b>2,813,437</b>	<b>(2,813,426)</b>	<b>(2,491)</b>	<b>(1,243)</b>
Managers' cash	7,683				15,214
Internal/custodian cash	26,729				34,355
Debtors	2,177				2,703
<b>Total cash</b>	<b>36,589</b>				<b>52,272</b>
<b>Sub-total</b>	<b>2,049,670</b>			<b>83,615</b>	<b>2,163,405</b>
Net realised movement in cash				(3,316)	
<b>Total</b>	<b>2,049,670</b>			<b>80,299</b>	<b>2,163,405</b>

### Analysis of derivatives

#### Objectives and policies for holding derivatives

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 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 Financial, which hedges significant long term currency movements to limit losses. The portfolio covers US dollar, Yen, and Euro currencies.

## 12. Summary of manager's portfolio values

2018/19		Fund Manager	2019/20	
£000	% of Fund		£000	% of Fund
571,700	26.4	Aberdeen Asset Management	592,189	29.4
76,440	3.5	Aberdeen Emerging Markets	80,398	4.0
565,841	26.2	Blackrock Investment Management	503,671	25.0
96,964	4.5	Invesco Perpetual	64,256	3.2
88,835	4.1	JP Morgan	0	0.0
125,788	5.8	Majedie	0	0.0
91,782	4.2	Nikko	87,945	4.4
91,989	4.3	Schroder Investment Managers	82,417	4.1
181,886	8.4	State Street Global Advisers (SSGA)	159,560	7.9
0	0.0	Wales Pension Partnership - UK Opportunities	163,824	8.1
155,944	7.2	Property	165,246	8.2
82,224	3.8	Private Equity Managers	88,669	4.4
2,644	0.1	Mesirow currency overlay & cash with custodian	2,543	0.1
31,368	1.5	Internally managed (Cash)	23,508	1.2
<b>2,163,405</b>	<b>100.0</b>	<b>Total</b>	<b>2,014,226</b>	<b>100.0</b>

### 12a. Investments exceeding 5% of net assets

The following investments represent more than 5% of the net assets available to pay benefits (in either 2018/19, 2019/20 or both years).

2018/19		Fund Manager	2019/20	
£000	% of net assets		£000	% of net assets
336,522	15.5	BlackRock Aquila Life UK Equities Indexed Fund	209,032	10.3
229,320	10.5	BlackRock Aquila Life US Equities Indexed Fund	99,171	4.9
181,886	8.4	SSGA MPF Europe ex UK Equities Active Fund	159,560	7.9
174,416	8.0	Aberdeen Corporate Bond Fund	176,256	8.7
111,716	5.1	Aberdeen Target Return Bond Fund	112,789	5.5
107,749	4.9	Aberdeen Global Government Bond Fund	123,686	6.1
92,424	4.2	Aberdeen UK Fixed Interest Gilts	106,322	5.2
0	0.0	BlackRock Low Carbon Tracker Fund	195,469	9.6
0	0.0	Wales Pension Partnership - UK Opportunities	163,824	8.1

## 13. Financial Instruments

### 13a. Classification of financial instruments

Value at 31/03/19				Value at 31/03/20		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
565,057	0	0	Fixed interest securities	586,078	0	0
299,185	0	0	Equities	164,067	0	0
1,009,966	0	0	Pooled funds	971,709	0	0
155,944	0	0	Pooled property trusts	165,246	0	0
82,224	0	0	Private equity	88,669	0	0
137,741	0	0	Derivatives	130,993	0	0
0	52,272	0	Cash	0	35,245	0
0	17,014	0	Debtors	0	20,230	0
<b>2,250,117</b>	<b>69,286</b>	<b>0</b>	<b>Total financial assets</b>	<b>2,106,762</b>	<b>55,475</b>	<b>0</b>
(138,984)	0	0	Derivatives	(127,781)	0	0
0	0	(1,784)	Creditors	0	0	(1,377)
<b>(138,984)</b>	<b>0</b>	<b>(1,784)</b>	<b>Total financial liabilities</b>	<b>(127,781)</b>	<b>0</b>	<b>(1,377)</b>
<b>2,111,133</b>	<b>69,286</b>	<b>(1,784)</b>	<b>Net financial assets</b>	<b>1,978,981</b>	<b>55,475</b>	<b>(1,377)</b>

### 13b. Net gains and losses on financial instruments

31/03/19		31/03/20
£000		£000
86,803	Fair value through profit and loss	(169,457)
<b>86,803</b>	<b>Total financial assets</b>	<b>(169,457)</b>
(6,821)	Fair value through profit and loss	(11,203)
317	Amortised cost	407
<b>(6,504)</b>	<b>Total financial liabilities</b>	<b>(10,796)</b>
<b>80,299</b>	<b>Net financial assets</b>	<b>(180,253)</b>

### 13c. Fair Value – Basis of Valuation

Investment	Valuation Method	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 1</b> Quoted prices for similar instruments.			
<b>Quoted Bonds (Fixed Interest Securities)</b>	Market value based on current yields	Not required	Not required
<b>Market Quoted Investments</b>	Published bid market price at close of business on the final working day of the accounting period	Not required	Not required
<b>Level 2</b> Traded in a market which is not considered to be active, or where valuation techniques are used to determine fair value which use inputs that are based significantly on observable market data.			
<b>Pooled Investments - Quoted Equity</b>	Closing bid price where bid and offer prices are published. Closing single price where single price published	Net Asset Value (NAV) based pricing set on a forward pricing basis	Not required
<b>Derivatives - Forward Currency Contracts</b>	Market forward exchange rates at the year-end date	Exchange rate risk	Not required
<b>Level 3</b> Inputs not based on observable market data			
<b>Private Equity Funds</b>	Valuations provided by the general partners to the private equity funds in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability and control premium	Valuations may be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date (although updated to reflect calls/distributions made during this period), changes to expected cash flows and any differences between unaudited and audited accounts
<b>Pooled Investments - Property Funds</b>	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations may be affected by post balance sheet events, changes to expected cash flows and any differences between unaudited and audited accounts



### 13d. Fair Value Hierarchy

As detailed above, investments have been classified into three levels according to the quality and reliability of the information used to determine fair values. The following table provides an analysis of the assets and liabilities of the pension fund based on the level at which the fair value is observable.

Value at 31/03/20	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	750,145	1,102,702	253,915	2,106,762
Amortised Cost	55,475	0	0	55,475
<b>Total financial assets</b>	<b>805,620</b>	<b>1,102,702</b>	<b>253,915</b>	<b>2,162,237</b>
Financial liabilities at fair value	0	(127,781)	0	(127,781)
Financial liabilities at amortised cost	(1,377)	0	0	(1,377)
<b>Total financial liabilities</b>	<b>(1,377)</b>	<b>(127,781)</b>	<b>0</b>	<b>(129,158)</b>
<b>Net financial assets</b>	<b>804,243</b>	<b>974,921</b>	<b>253,915</b>	<b>2,033,079</b>

Value at 31/03/19	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	864,242	1,147,707	238,168	2,250,117
Loans and receivables	69,286	0	0	69,286
<b>Total financial assets</b>	<b>933,528</b>	<b>1,147,707</b>	<b>238,168</b>	<b>2,319,403</b>
Financial liabilities at fair value	0	(138,984)	0	(138,984)
Financial liabilities at amortised cost	(1,784)	0	0	(1,784)
<b>Total financial liabilities</b>	<b>(1,784)</b>	<b>(138,984)</b>	<b>0</b>	<b>(140,768)</b>
<b>Net financial assets</b>	<b>931,744</b>	<b>1,008,723</b>	<b>238,168</b>	<b>2,178,635</b>

### 13e. Reconciliation of fair value measurements within Level 3

2019/20	Market Value at 31/03/19	Transfers into level 3	Transfers out of level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	Market Value at 31/03/20
	£000	£000	£000	£000	£000	£000	£000	£000
Private equity	82,224	0	0	8,860	(15,434)	13,019	0	88,669
Pooled property unit trusts	155,944	0	0	781	0	8,521	0	165,246
<b>Total</b>	<b>238,168</b>	<b>0</b>	<b>0</b>	<b>9,641</b>	<b>(15,434)</b>	<b>21,540</b>	<b>0</b>	<b>253,915</b>

All transfers between levels are recognised at the end of the reporting period.

### 13f. Sensitivity of Assets Valued at Level 3

Having analysed historical data, current market trends, and consulted with independent investment advisors (Pensions and Investments Research Consultants Ltd (PIRC)), the fund has determined that the valuations methods described above for Level 3 investments are likely to be accurate to within the following ranges, and has set out the consequential impact below:

	Assessed valuation range	Value at 31/03/20	Value on increase	Value on decrease
	(%)	£000	£000	£000
Private Equity	7.5	88,669	95,319	82,019
Pooled Property Trusts	4.2	165,246	172,186	158,306
<b>Total</b>		<b>253,915</b>	<b>267,505</b>	<b>240,325</b>

### 14. 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** is the risk that the fair value or future cash flows 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 Asset Management, the appointed active bond manager.

Interest Rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. The analysis below shows the effect of a 100 basis point (1%) movement in interest rates on the net assets available to pay benefits:

Asset Type	Carrying Amount as at 31/03/20	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	38,456	385	(385)
Fixed interest securities	586,079	5,861	(5,861)
<b>Total</b>	<b>624,535</b>	<b>6,246</b>	<b>(6,246)</b>

Asset Type	Carrying Amount as at 31/03/19	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash	51,029	510	(510)
Fixed interest securities	565,057	5,651	(5,651)
<b>Total</b>	<b>616,086</b>	<b>6,161</b>	<b>(6,161)</b>

**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.

Following analysis of historical data and consulted with independent investment advisors Pensions and Investments Research Consultants Ltd (PIRC), the fund's aggregate currency change has been calculated as 7.35%. A 7.35% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Value as at 31/03/20	Change to net assets available to pay benefits	
		+ 7.35%	- 7.35%
	£000	£000	£000
Overseas quoted equities	164,067	12,059	(12,059)
Overseas pooled funds	534,597	39,293	(39,293)
Overseas pooled property	58,499	4,300	(4,300)
<b>Total change in assets available</b>	<b>757,163</b>	<b>55,652</b>	<b>(55,652)</b>

Currency exposure – asset type	Asset Value as at 31/03/19	Change to net assets available to pay benefits	
		+ 6.1%	- 6.1%
	£000	£000	£000
Overseas quoted securities	179,868	10,972	(10,972)
Overseas pooled funds	487,645	29,746	(29,746)
Overseas pooled property	52,325	3,192	(3,192)
<b>Total change in assets available</b>	<b>719,838</b>	<b>43,910</b>	<b>(43,910)</b>

**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.

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 below for total assets 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 at 31/03/20	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	437,112	16.30	508,361	365,863
Overseas Equities	698,664	12.32	784,739	612,589
Fixed Interest (Bonds)	586,078	4.28	611,162	560,994
Cash and Cash Equivalents	38,457	0.15	38,515	38,399
Private Equity	88,669	7.52	95,337	82,001
Property	165,246	4.18	172,153	158,339
<b>Total Assets</b>	<b>2,014,226</b>	<b>8.59</b>	<b>2,187,248</b>	<b>1,841,204</b>

Asset type	Value at 31/03/19	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	641,638	8.95	699,065	584,211
Overseas Equities	667,513	10.13	735,132	599,894
Fixed Interest (Bonds)	565,057	3.64	585,625	544,489
Cash	51,029	0.13	51,095	50,963
Private Equity	82,224	10.48	90,841	73,607
Property	155,944	4.12	162,369	149,519
<b>Total Assets</b>	<b>2,163,405</b>	<b>6.09</b>	<b>2,295,156</b>	<b>2,031,654</b>

**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 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 accounts are held with Lloyds Bank and NatWest. Surplus cash is not invested with these but is placed with a selection of AAA Money Market institutions. The Fund's internally managed cash holding under its treasury management arrangements is held with the following institutions:

	Fitch Rating	31/03/19	31/03/20
		£000	£000
<b>Money market funds</b>			
Aberdeen Standard Liquidity - Sterling Fund	AAA	12,000	11,750
Blackrock ICS Sterling Liquidity Fund	AAA	12,000	11,230
Deutsche Global Liquidity - Sterling Fund	AAA	7,650	0
<b>Bank current account</b>			
Lloyds Bank	A	(282)	479
NatWest	A	0	49
<b>Total</b>		<b>31,368</b>	<b>23,508</b>

The pension fund has experienced no defaults from fund managers, brokers or bank accounts over the past ten years, therefore no expected credit loss provision is required.

**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 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.

## 15. Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure of the actuarial present value of promised retirement benefits calculated on an IAS 19 basis, as set out in IAS 26.

Therefore, in addition to the triennial funding valuation, the fund's actuary undertakes a valuation of the pension fund liabilities on an IAS 19 basis at the same date. The IAS 19 valuation is carried out using updated actuarial assumptions from those used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

The most recent actuarial valuation based on IAS 19 is shown below:

31/03/2016		31/03/2019
£m		£m
2,274	Actuarial Present Value of Promised Retirement Benefits	3,168

The estimated future Pension Fund liabilities will also be subject to the consideration of the McCloud judgement and GMP equalisation. The impact was considered by the actuary within the triennial valuation, which took place in 2019/20 (see Actuarial Statement on pages 4-7 of this document). Following a Government consultation on changes to the LGPS which concluded in June 2020, the Actuary confirmed that no further adjustments were to be made to the valuation.

## 16. Additional Voluntary Contributions (AVC)

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 in accordance with section 4(2)b of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093). However, as the administering authority, we oversee the following AVC arrangements:

2018/19		2019/20
£000		£000
648	AVC paid during the year	577
3,902	Market Value of separately invested AVC's	3,724

## 17. Contractual Commitments

As at 31 March 2020 the Fund had outstanding private equity commitments of a maximum of £53.446 million (£44.264 million at 31 March 2019).

As at 31 March 2020 the Fund had forward currency contracts amounting to £130.993 million of purchases and £127.781 million of sales, showing an unrealised profit of £3.212 million.

## *18. Securities Lending*

At the year end the value of quoted equities on loan was £311.147 million (£68.619 million at March 2019) in exchange for which the custodian held collateral of £329.301 million (£72.760 million at March 2019). For the year ending 31 March 2020, the Fund received income of £120,000 from the lending of stock (£101,000 in 2019/20).

## *19. Provisions and Contingent Liabilities*

A number of death grants have been identified where the Fund has been unable to trace the next of kin meaning no payment has been made to date. In all of the outstanding cases, there has been difficulty in making contact, meaning that the payments are not likely to be settled within the next financial year.

Due to the uncertainty surrounding the timing of these payments and final amounts payable, a long term provision for £0.737 million has been included in the accounts, which consists of £0.591 million death grants payable and £0.146 million of estimated interest.

The Fund has no material contingent liabilities.

## *20. 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.

Other related party transactions with the Council are:

- Cash invested internally by the Council (for working capital purposes) – see Note 12 Summary of manager's portfolio values
- Administration expenses charged to the Fund by the Council are shown in Note 9 Management Expenses
- 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 Cardiff Council Statement of Accounts.

Three members of the pension fund committee and three members of the pension fund board are active members of the Pension Fund. One of the active members on the pension fund board was also in receipt of pension fund benefits from the Cardiff and Vale of Glamorgan Pension Fund.

## 21. Contributing Employers

The active contributing employers as at 31 March 2020 are detailed below:

Administering Body	
Cardiff Council	
Scheduled Bodies	
Councils	Town and Community Councils
Vale of Glamorgan Council	Barry Town Council
Education Bodies	Cowbridge Town Council
Cardiff and Vale College	Lisvane Community Council
Cardiff Metropolitan University	Llantwit Major Council
St David's Sixth Form College	Penarth Town Council
Stanwell Comprehensive	Penllyn Community Council
Other Scheduled Bodies	Pentyrch Community Council
Cardiff Bus	Radyr & Morganstown Community Council
Public Services Ombudsman For Wales	Wenvoe Community Council
Admitted Bodies	
A and R Cleaning Gabalfa	Eisteddfod Genedlaethol Cymru
A and R Cleaning Greenway	Glen Cleaning (Barry Comprehensive)
A and R Cleaning High Street*	Glen Cleaning (Eastern High)
A and R Cleaning Lansdowne	Glen Cleaning (Gladstone Primary)
A and R Cleaning Trowbridge	Glen Cleaning (Llandough)
A and R Cleaning Whitchurch	Greenwich Leisure Limited (GLL)
Adult Learning Wales	Grangetown Primary Cleaning (APP)
Big Fresh Cleaning*	Mirus Wales
Cardiff Business Technology Centre	National Trust (Dyffryn)
Cardiff University	One Voice Wales
Careers Wales (Cardiff And Vale)	Play Wales
Children In Wales	Sports Council for Wales
Circle IT (Cowbridge Comprehensive)	St Teilo's Cleaning (APP)
Circle IT (Eastern High)	Wales & West Housing Association*
Colegau Cymru - Colleges Wales	Wales Council For Voluntary Action
Design Commission For Wales	

\*Employers contributing to the Fund in 2019/20 that were not contributing to the Fund in 2018/19.

## 22. Events after the Reporting Period

There are no events after the reporting period to report.

## 23. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 22<sup>nd</sup> October 2020 by the Corporate Director Resources. Post balance sheet events have been considered up to this date.

## ***Glossary***

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.

### ***Active / Passive Management***

Active management is the traditional form of investment management involving a series of individual investment decisions that seek to maximise returns by exploiting price inefficiencies i.e. 'beat the market'. Passive management is a low cost alternative where managers normally hold stocks in line with a published index, such as the FTSE All-Share, not seeking to outperform but to keep pace with the index being tracked.

### ***Actuary***

An independent consultant who advises on the long-term viability of the Fund. Every three years the Fund actuaries review the assets and liabilities of the Fund and report to the Council on the financial position and recommended employer contribution rates. This is known as the actuarial valuation.

### ***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.

### ***Active Member***

Current employee who is contributing to a pension scheme.

### ***Admitted Body***

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

### ***Asset Allocation***

Apportionment of investment funds among categories of assets, such as Bonds, Equities, Cash, Property, Derivatives, and Private Equity. Asset allocation affects both risk and return.

### ***Benchmark***

A measure against which the investment policy or performance of an investment manager can be compared.

### ***Bonds***

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

### ***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.

### ***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.

### ***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.

### ***Custodian***

Bank or other financial institution that keeps custody of stock certificates and other assets of a client, collects dividends and tax refunds due, and settles any purchases and sales.

### ***Debtors***

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

### ***Deferred Pensioner***

A member who has stopped paying into the scheme but is not yet retired.

### ***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.

### ***Derivative***

A derivative instrument is a contract whose value is based on the performance of an underlying financial asset, index, or other investment.

### ***Emerging Markets***

Relatively new and immature stock markets for equities or bonds. Settlement and liquidity can be less reliable than in the more established 'developed' markets, and they tend to be more volatile.

### ***Employer Contribution Rates***

The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.

### ***Equities***

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and may normally vote at shareholders' meetings.

### ***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.

### ***Financial Assets***

Financial assets are cash, equity instruments within another entity (e.g. shares) or a contractual right to receive cash or another asset from another entity (e.g. debtors) or exchange financial assets or financial liabilities under potentially favourable conditions (e.g. derivatives).

### ***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.

### ***Financial Liabilities***

Financial assets are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives).

### ***Fixed Interest Securities/Bonds***

Investments, especially in government stocks, with a guaranteed rate of interest. Conventional bonds have fixed rates, whilst Index Linked vary with inflation. They represent loans repayable at a stated future date, and which can be traded on a stock exchange in the meantime.

### ***Fund Manager***

A fund that handles investments on behalf of the pension fund according to an agreed investment mandate.

### ***Fund of Funds***

A pooled fund that invests in other pooled funds. They are able to move money between the best funds in the industry, and thereby aim to lower stakeholder risk with greater diversification than is offered by a single 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 an asset's market value.

### ***Index***

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

### ***ISS***

The Investment Strategy Statement which each LGPS fund is required to prepare and keep under review.

### ***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.

### ***LGPS***

The Local Government Pension Scheme, governed by regulations issued by the Department for Communities and Local Government.

### ***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.

### ***Pension Fund***

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

### ***Pensioner***

A scheme member who received a pension from the Fund.

### ***Pooled Funds***

Pooled investment vehicles issue units to a range of investors. Unit's prices move in response to changes in the value of the underlying portfolio, and investors do not own directly the assets in the fund. The main types are: unit trusts, open-ended investment companies (OEICs), insurance linked vehicles and investment trusts.

### ***Portfolio***

A collective term for all the investments held in a fund, market or sector. A segregated portfolio is a portfolio of investments of a specific type held directly in the name of the investor e.g. Global Bonds, or a specific market e.g. UK Equities, Far East Equities.

### ***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.

### ***Private Equity***

Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

### ***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.

### ***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.

**Return**

The total gain from holding an investment, including both income and any increase or decrease in market value. Returns over periods longer than a year are usually expressed as an average annual return.

**Scheme Employers**

Local authorities and bodies specified in the LGPS Regulations, whose employees are entitled automatically to be members of the Fund, and Admission Bodies including voluntary, charitable and similar bodies, carrying out work of a public nature, whose staff can become members of the Fund by virtue of an admission agreement with the Council.

**Scheduled Body**

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

**Unit Trust**

A collective investment fund that is priced, bought and sold in units that represent a mixture of the securities underlying the fund.

**Unrealised Gains / Losses**

The increase or decrease in the market value of investments held by the fund since the date of their purchase. Note: values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.



Cardiff Council  
Annual Governance Statement  
2019/20

## CONTENTS

<b>Scope of Responsibility</b>	<b>page</b>	<b>3</b>
<b>Purpose of the Framework</b>	<b>page</b>	<b>3</b>
<b>The Governance Framework</b>	<b>page</b>	<b>4</b>
<b>Assessment Process and Summary</b>	<b>page</b>	<b>4</b>
<b>Assurance Statements</b>	<b>page</b>	<b>5</b>
• <b>Senior Management Statement</b>	<b>page</b>	<b>5</b>
• <b>Audit Manager Statement</b>	<b>page</b>	<b>6</b>
• <b>Audit Committee Statement</b>	<b>page</b>	<b>7</b>
<b>Governance Framework: supporting information</b>	<b>page</b>	<b>9</b>
<b>Annual Governance Statement Action Plan</b>	<b>page</b>	<b>25</b>
<b>Cardiff and the Vale of Glamorgan Pension Fund</b>	<b>page</b>	<b>26</b>
<b>Certification</b>	<b>page</b>	<b>27</b>

## **Scope of Responsibility**

1. Cardiff Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
2. The Council is responsible for the Cardiff Harbour Authority. The Council is also the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Pension Fund) and Cardiff Port Health Authority (CPHA), and is the Accountable Body for the Cardiff Capital Region (CCR) City Deal. The governance arrangements detailed in this Annual Governance Statement (AGS) are documented in consideration of the Council's areas of responsibility, and the extent to which the Council is charged with governance.
3. The Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
4. Cardiff Council has three wholly owned subsidiary companies which traded in 2019/20, one of which Cardiff City Transport Services Ltd. (Cardiff Bus) underwent changes in governance arrangements which are set out in paragraph 74. The Council also has an interest in a special purpose vehicle (CSC Foundry Limited) which is governed by a Joint Committee for the CCR City Deal.

## **The Purpose of the Governance Framework**

5. The Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council's Constitution sets out how decisions are made and the procedures which are followed through rules, codes of practice and protocols.
6. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but is based on an ongoing process to identify, prioritise and appropriately manage risk.
7. The Code of Corporate Governance documents how we apply the principles of good governance (as summarised in Section 4 of the AGS – Assessment

Process and Summary). This Code was approved at the Constitution Committee on 11th February 2019 and is included in the Council's Constitution.

### **The Governance Framework**

8. The Framework comprises two core principles and five supporting principles. Principles A and B run through 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:

#### 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**

9. The AGS summarises the assessment of governance against the governance framework and comprises three elements:
- 1) Statements from Senior Management, the Audit Manager and the Audit Committee
  - 2) Supporting analysis mapped to the core and supporting good governance principles that provides a judgement that is based on supporting information and evidence
  - 3) A Senior Management judgement of the Council's significant governance issues
10. These three elements when taken together represent the assessment of governance, through the perspectives of the Senior Management Team (SMT) and the independent opinions of the Internal Audit Manager and Audit Committee based on their respective programmes of work and an assessment of the system of internal control.
11. For further information and detail, supporting information is mapped to the governance framework principles (a-g) within the AGS, and followed by an open



disclosure from the SMT of the significant governance issues affecting the organisation as summary actions to take forward and address.

12. The diagram in fig. 1 sets out the components of this assessment.

**Fig.1**



**Assurance Statements**

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

**Senior Management Statement**

14. As a Senior Management Team we have continued to apply a self-assessment exercise as a primary means of measuring our delivery of good governance, and identifying issues for improvement. We have needed to adapt the usual process, whereby our self-assessment is informed by a mid-year and subsequent year-end Senior Management Assurance Statement (SMAS) assessment. This year to enable management to focus on the Council’s response to the Covid 19 crisis, we did not complete the year-end SMAS review, scheduled for April 2020. At the onset of the Covid 19 pandemic in March 2020, following a period of heightened planning and coordination, the Council invoked its incident management regime and the Senior Management Team met on a daily basis for the first eight weeks, gradually moving to a schedule of meeting three times a week. The focus of these meetings was to consider the Council’s response to the crisis, ensure coherency and to ensure there was a matter of record and clear governance of decisions taken.

15. Since March 2020, the attention of Senior Officers has been firmly focussed on the Council's response to the crisis and upholding effective communication, decision making and control. There is an acknowledgment that the assurance process for the end of the year and looking forward to 2020/21 has not been as laid down by the Senior Management Assurance process previously agreed. However, the Senior Management Team is clear that this deviation from normal practice was temporary, and that there will be a move to re-engage with the previous senior management assurance process in full for future years. In order to provide the Senior Management assessment of good governance for 2019/20 as a whole, once services were moving to a managed 'restart' towards the end of quarter one 2020/21, the Senior Management Team took the opportunity to review the 2019/20 half yearly returns, and considered the body of work delivered over the last six months, including a reflection on the response of the Council to Covid 19.
16. The Senior Management Team considers that the most recent Senior Management Assurance Statement exercise from the mid-year 2019/20 position, offers a true and fair reflection of the governance maturity of the Council for the year overall. This mid-year assessment was based on the governance maturity which we could evidence within each Directorate against a series of assurance statements. Accordingly, the Senior Management Team considers that the Council is approaching strong application of good governance across the assurance areas, with some examples of embedded and limited in some assurance areas in some directorates. This assessment 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 maturity assessment highlighted opportunities to further enhance the disciplines of partnership and collaborative governance and compliance the detail of which is presented in the Annual Governance Statement Action Plan. It is recognised that where there are weaknesses identified then robust recovery procedures need to be put in place. The Senior Management Team recognises the need to prioritise actions for enhancement to enable strong evidence of application across all areas going forward.
17. In relation to the work of the Senior Management Team in 2019/20 we continued to collectively own the Corporate Risk Register, we reviewed all corporate risks quarterly, and monitored progress against the action plan of significant governance issues.
18. The Chief Executive continues to emphasise that areas of weakness need to be addressed in these challenging and changing times and there remains the importance of achieving consistent standards of governance and control across all directorates, and has reinforced these expectations to be monitored and managed through the senior management assurance statement process as we enter 2020/21

### **Head of Audit Opinion Statement**

19. "The PSIAS state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its

governance statement.’ This must be based upon an objective assessment of the framework of governance, risk management and control. It must also include an evaluation of the adequacy and effectiveness of controls in responding to risks within the governance, operations and information systems.

20. This opinion has been prepared by the Audit Manager, based on the provisions of the PSIAS. In preparing and forming this opinion, assurance has been taken from a number of sources, including:
21. **Assurance Audit Assignments** – work undertaken through the risk-based annual audit plan, with delivery prioritised to maximise assurance and added value. The audit plan is responsive to risk and informed by audit information and existing assurances, information from Senior Management, and monitoring of Council activity, strategy, risks, and wider assurance sources.
22. **Discussion with Senior Managers** – quarterly relationship manager meetings with Directors or their representatives, Audit Manager attendance at Senior Management Team meetings where assurance items are considered, and regular meetings with the Corporate Director Resources (Section 151 Officer) and the Chief Executive.
23. **Consultancy** - advice and guidance offered generally or on specific matters, including the design and development of new processes, such as risk based verification for housing benefit and council tax reduction applications, and wider process guidance, such as continuity and control in back office functions during the COVID-19 crisis which took place at the financial year-end.
24. **Risk & Governance** – assurance reviews on the co-ordination of the Corporate Risk Register, the management disclosures which support the Annual Governance Statement, and wider governance reviews (including programmes and projects and financial / contract procedures).
25. Based on the programme of audit work undertaken to assess internal controls and reviews of governance and risk management arrangements, it is considered that the application of the overall framework for control within the Council for 2019/20 is **effective with opportunity for improvement**. This opinion is based on the delivery of a comprehensive audit plan, and an acknowledgment of the increasing pressure on resources in both demand and budgets, which has been managed through a resilient performance culture.
26. The control environment for core financial systems, and for the majority of audits overall (74%) was considered as adequate, and allocated an opinion of ‘effective’ or ‘effective with opportunity for improvement’. Twenty three audits have been given an audit opinion of ‘insufficient with major improvement needed’ recognising the need for attention to achieve sound controls, and four audits were given ‘unsatisfactory’ opinions in respect of a particular school, a school traded service, and in areas of waste management. A number of allegations of fraud within the Waste Management function which preceded this financial year have been investigated, the majority of associated disciplinary

hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. The Waste Management function continues to receive a greater proportion of allegations of fraud and financial impropriety, and all allegations are robustly assessed and investigated as appropriate. Audit assurance and support targets and follows up on the highest risk areas."

### **Audit Committee Opinion Statement 2019/20**

27. "Based on the evidence presented to the Audit Committee during 2019/20, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2020/21, include:

#### **Budget Management**

28. The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends, for which controls have been in need of improvement.
29. The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, and will continue to reinforce expectations for delivery in the year to come.
30. Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will scrutinise carefully the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to reinforce expectations for delivery given the significant financial pressures facing the Council.

#### **Internal Control**

31. 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. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

32. The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.
33. The Audit Committee is aware that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters have concluded, Audit Committee will seek assurance on the robustness of post investigation review.
34. The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

### **Financial Resilience (including Treasury Management)**

35. In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.
36. The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### **Schools Governance & Compliance**

37. Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, through

overseeing the work of internal audit, we have continued to observe that certain schools have not achieved a satisfactory level of stewardship and internal control.

38. In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.
39. The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.”

**ii) Governance Framework - Supporting Information**

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

40. 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
41. The Director of Governance and Legal Services is the Monitoring Officer, and 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.
42. The Standards and Ethics Committee has a responsibility to monitor and scrutinise the ethical standards of the Authority, its Members, employees and any associated providers of the Authority’s services, and to report to the Council on any matters of concern. The Committee is chaired by an independent person and its role includes determining the outcome of complaints against Councillors and Co-opted Members and monitoring the Council’s whistleblowing procedures.

43. In 2019/20, the Monitoring Officer was notified of a total of ten complaints relating to Member conduct. The Monitoring Officer has not referred any of these complaints to the Public Services Ombudsman, however, three complaints were made directly by the complainants to the Ombudsman. Of the three complaints submitted to the Ombudsman, in each case the Ombudsman decided there was no evidence of a breach of the Code, so there would be no further investigation. Three complaints were dealt with under the Local Resolution Protocol, and of these, one was resolved informally by the Monitoring Officer and two have been referred to the Hearings Panel (hearings to be arranged). In three cases, the Monitoring Officer decided there was no evidence of a breach of the Code, so no further action was appropriate. One complainant was advised of the remits of various other relevant regulatory bodies, and advised to refer the complaints to those bodies, as appropriate.
44. The Chair of the Standards and Ethics Committee presented the Committee's Annual Report 2018/19 to full Council in February 2020 and outlined the work of the Committee. The Chair made specific reference to the Members Survey findings and reminded Members of the guidance on social media. The Committee has agreed that presentation of its Annual Report to Council serves to promote Members' understanding of the important role of the Committee and its work; and that further Member briefings would be issued as and when required.
45. Members and Co-opted Members are required to register their personal interests in any business of the authority, and to comply with the rules on personal interests set out in the Members Code of Conduct. All personal interests disclosed by Members are published on the Council's website within the Member's profile information. The Council's Policy on Officers' Personal Interests & Secondary Employment requires all staff to disclose any personal interest which actually or potentially conflicts with their duties to the Council and all secondary employment. The policy sets out how all Council employees are obliged, under the Employees' Code of Conduct, to ensure that their private interests do not conflict with their public duties, and to comply with the Council's rules on the registration and declaration of financial and non-financial interests. The Standards and Ethics Committee has reviewed the Council's arrangements for managing officers' personal interests and recommended that a register of Senior Officers' outside business interests should be published on the Council's website with effect from 01/04/2019, which has been implemented. The Committee agreed that no further changes should be made to the Council's arrangements for managing officer's personal interests.
46. The Council's Corporate Values focus on fairness, openness and working together. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. Corporate and directorate planning and personal performance and development arrangements are aligned to delivering corporate values and priorities.

47. The Workforce Strategy and Employee Charter continues to ensure that there is alignment between the Council's vision and values and the Corporate Plan:
- The Employee Charter sets out the expectations of all staff (employees, managers and senior managers) and has formed part of the objective setting process for personal reviews
  - The Workforce Strategy seeks to deliver outcomes for and with employees, within a culture that supports a flexible, skilled, engaged and diverse workforce
48. The Council takes fraud, corruption and maladministration very seriously supported by the following strategy and policies to prevent, and manage such occurrences
- Counter-Fraud and Corruption Strategy
  - Financial Procedure Rules
  - Contract Standing Order and Procurement Rules
  - Whistleblowing Policy
  - Fraud, Bribery and Corruption Policy
  - Money Laundering Policy and Procedure
  - ICT Security Policy
  - Data Protection Policy & Procedure
  - HR policies regarding investigation and discipline of staff
49. The Counter-Fraud and Corruption Strategy was introduced in July 2019 through a range of delivery methods such as e learning and location based workshops. In excess of 3,500 employees have undertaken the course, and training sessions have been attended by over 70 Head Teachers and 35 Chairs of / School Governors. The Council is also supported by a range of policies, procedures and regulations, including those relating to Financial Control, Data Protection, Health & Safety, Equalities and IT Security.
50. 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). In 2019/20 a total of six whistleblowing cases have been reported to the Monitoring Officer.
51. The Corporate Director Resources has both overall responsibility for the financial administration (S151 Officer) and the information governance arrangements of the Council (SIRO). The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Information Governance arrangements with respect to Senior Management Board required strengthening and the Information Security & Governance Oversight Group has been formed and held its first meeting on the 11 May 2020. The Group consists of the SIRO, the Corporate Director for People & Communities, Monitoring Officer, Director of Social Services, Chief Digital Officer and the Head of Finance. Plans are in place to put in place a more effective Directorate Representative Group in order to ensure that there



is effective consultation and communication on Information Security and Governance matters.

**B. Ensuring openness and comprehensive stakeholder engagement.**

52. 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.
53. To support openness, the Council is focusing on proactively publishing data through the 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). Data sets continue to be identified for publication.
54. 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. An Assurance role has been developed within the SMT environment where the Chief Executive, and Directors discuss aspects of the assurance, for example risk management, performance management, outcomes and progress on audit recommendations made by the internal and external bodies and regulators. This has increased the visibility and the connections between these assurance pieces. The meetings between the Chief Executive, Directors and Cabinet Members to agree actions arising from an open debate of performance and service delivery challenges have continued for the majority of 2019/20.
55. Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law. Full Council meetings include a facility for public questions, and the Council’s Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to Committees. During 2019/20 the number and types of Council and Committee meetings increased compared to 2018/19. Scrutiny and other meetings were allocated webcasting time based on public interest and prioritisation of specific items including the development and implementation of dual language webcast for Council meetings.

Webcasting Data		
Year	2018-19	2019-20
Number of Meetings webcast	37	54
Number of Committees (Types) webcast	8	10
Total Hours Webcast	95:15:44	126:50:24
Live views	1674	1960
Archive Views	3376	6909
Total Views	5050	8869

56. 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.
57. Citizens, communities and partners continue to be engaged through a programme of citizen engagement, budget consultation, Ask Cardiff surveys that seek opinions of a range of Quality of Life and Quality of Services statements. The output of these are used to inform proposals and decisions of priorities and planning for the provision of services. The participation levels for these engagement sessions do leave room for improvement and the Council will continue to build on participation numbers.
58. 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.

59. The Cardiff Public Services Board (PSB) represents a statutory partnership of public and voluntary sector organisations, chaired by the Leader of the Council to deliver the city's Wellbeing Plan. The Wellbeing Plan, which responds to the evidence from the Wellbeing Assessment, focusses on the areas of public service delivery which fundamentally require partnership working between public and community services, and the citizens of Cardiff. The Plan was adopted by Full Council and statutory member organisations by the statutory deadline of May 3rd 2018. The Cardiff PSB is supported by partnership governance and delivery arrangements, reporting by exception into the PSB on a quarterly basis. Over the course of the Covid-19 crisis the Cardiff PSB has met on a more regular basis in order to lead a co-ordinated strategic response to critical issues across the city's public services. The annual report on the Wellbeing Plan has been delayed as a result of the covid-19 crisis, and will be considered by the Cardiff PSB in September.

60. Multi-Agency area based responses have extended into areas of Butetown and Splott, with a range of partners who identify, discuss and jointly plan priorities to address. In Butetown, there is a focus on young people's aspirations, the impact on the community as a result of drugs, county lines and the disruption of ASB. In Splott, there is a focus on county lines, off road motorcycle annoyance and diversionary activity for young people. At present there is no dedicated resource aimed principally at Area Based Working and work carried out to date has been undertaken as a trial and proof of concept. Further work will be required to ensure an Area Based Working approach in Splott and Tremorfa is to the same level as Butetown, partners have also suggested the inclusion of Adamsdown. The reporting mechanisms highlight main achievements and results based accountability but the caveats of resource and time being seen as constraints. This is an area which has been impacted by Covid 19 and has led to a stalling of activity due to lockdown and social distancing constraints.

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

61. To outline its ambitions for the city, the Council's Administration set out a policy programme for the five years from 2017 to 2022, entitled 'Capital Ambition'. These policy commitments were updated in January 2020. At the heart of Capital Ambition is the goal to create a greener, fairer and stronger capital city, tackling poverty and inequality in all its forms.

62. Capital Ambition identifies four priorities:

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

63. The Corporate Plan sets out how the Administration's priorities for Cardiff will be achieved, providing clarity on what will be delivered, and by when. In accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015, the Corporate Plan sets out Cardiff's Well-being Objectives, the steps we will take to achieve them and how we will measure progress. The seven Well-being Objectives are:
- Cardiff is a great place to grow up
  - Cardiff is a great place to grow older
  - Supporting people out of poverty
  - Safe, confident and empowered communities
  - A capital city that works for Wales
  - Cardiff grows in a resilient way
  - Modernising and integrating our public services
64. The Council and Cardiff Public Services Board agreed the same Well-being Objectives, creating a clear link between the Corporate Plan and the Public Services Board's 'Well-being Plan 2018-23'. The 'Area Plan for Care and Support Needs 2018-23' produced by Cardiff & Vale Integrated Health & Social Care Partnership in accordance with the Social Services and Well-being (Wales) Act 2014 also provides a more consistent approach to planning across a range of partners.
65. The Corporate Plan is a rolling three-year plan which is refreshed annually. The latest refresh was approved by Council in February 2020 for the period 2020 – 2023, informed by the consultation on budget proposals for 2020/21.
66. The delivery of the Corporate Plan is monitored through the Council's Performance Management Framework, which also allows for the Council's policy agenda to be refreshed and updated as necessary. This includes:
- Quarterly performance monitoring by Cabinet and Senior Management Team as part of its Assurance Board role. Progress is reported to Members alongside the Budget Monitoring.
  - Half-year and end-of-year strategic assessments of performance which include the Annual Well-Being Report to meet statutory performance reporting requirements. This includes all relevant performance data, as is informed by the Council's risk register and finance monitoring. The half-year assessment is considered by the Policy Review and Performance (PRAP) Scrutiny Committee before being received by Cabinet. The end-of-year assessment is considered by PRAP and Cabinet before being approved at a meeting of full Council.
  - An early draft of the Corporate Plan is considered by the PRAP Scrutiny Committee to help shape corporate policy.
  - Targets for the Key Performance Indicators are considered by the Performance Panel, which includes members of the Policy Review and Performance Scrutiny Committee as well as the Chairs of all scrutiny committees.

67. Challenge sessions convened by the Leader, Chief Executive, relevant Cabinet Member(s) and Director(s) to sign-off Steps, Key Performance Indicators and Targets by Well-being Objective.
68. Consultation on the Council's 2019/20 budget proposals "Changes for Cardiff" ran from 16<sup>th</sup> November 2018 – 2<sup>nd</sup> January 2019. As outlined under principle B of this AGS, ensuring openness and comprehensive engagement, a number of mechanisms were used to ensure the consultation was as accessible as possible. The consultation enabled members of the public to communicate their views on the budget proposals. It informed the final decisions on service changes, which focussed on delivering valued public services in the face of ongoing austerity.
69. Building on the approach to the Council's Budget Strategy over the last few years is key to planning for future years. The Council identified a budget gap of £105 million for the period 2020/21 to 2023/24 with a £73 million gap for the period 2021/22 to 2024/25. The outlook over the medium term remains a matter of concern and the Budget Report 2020/21 detailed the challenges in respect of continued financial pressures and the difficulty of setting and realising year on year budget savings. In a normal year, a deliverable Budget Strategy will continue to be a key document to review but with the impact of Covid19 this will require even closer monitoring and a potential reshaping of the strategy as services evolve into their future shape and size.
- D. **Determining the interventions necessary to optimise the achievement of the intended outcomes.**
70. All Cabinet and Council decisions taken by Members are supported by written reports from Officers on the legal, HR, property and financial implications arising from the decision. These reports are also required to outline the economic, social and environmental outcomes, the key risks and alternative courses of action which are available.
71. To meet requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has published well-being objectives and a well-being statement as part of the development of the Corporate Plan. To ensure that the sustainable development principle the focus has been on considering the 5 ways of working at the earliest stage of policy development. Policy development, across the organisation, is encouraged to consider:
- **Long term:** Defined as the trends that affect Cardiff both today and in the future.
  - **Prevention:** Intervening earlier to prevent problems affecting citizens from occurring or worsening.
  - **Involvement:** Engaging with citizens, particularly the most vulnerable in society.
  - **Integration:** Working across boundaries to deliver Capital Ambition, the administration's policy agenda for the city.

- **Collaboration:** Working with others to have a greater impact.
72. The Council uses a number of sources of information to assess progress against Well-Being Objectives, including:
- **Progress against the Council's Key Performance Measures** – A number of performance measures are identified within the Council's Corporate Plan which help show the progress made in delivering the Well-Being Objectives. Where applicable, targets are set against these performance measures to demonstrate the desired level of achievement. Performance measures are assigned a RAG status: **GREEN** where the measure is on or above target, **AMBER** where the result is within 10% of the target and **RED** where the result is greater than 10% from the target.
  - **Progress against the Steps in each Well-being Objective** – The Council included a number of Steps in the Corporate Plan to help achieve the Well-Being Objectives. Monitoring the progress of these Steps provides an understanding of what has been achieved and where further work is required.
  - **Inspection Reports** – The Council is subject to a number of inspections from regulatory bodies including the Wales Audit Office, Estyn (Education) and the Care and Social Services Inspectorate Wales (CSSIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.
  - **Surveys and Citizen Feedback** – The annual Ask Cardiff survey, as well as more specific consultation and engagement work, provide residents an opportunity to share their views on a wide range of the Council's services. From this, areas of strong performance can be identified, along with those areas where Cardiff's citizens feel the Council needs to improve. Similarly, complaints and compliments provide a valuable source of information on performance, and the Annual Wellbeing Report is considered by Cabinet alongside the Annual Complaints Report.
  - **Finance Monitoring** – The Council's Outturn Report and Budget Monitoring
  - **Feedback from Scrutiny Committee and Audit Committee** – The Council responds to the issues raised and recommendations made by the Scrutiny Committees, which help inform performance improvement.
  - **Risk** – The Council's Corporate and Directorate Risks are considered as part of a rounded view of performance, and the Annual Well-being Report is prepared and considered by Cabinet alongside the Council's Annual Corporate Risk Report. Reviewing this information assists the Council to develop a balanced picture of the Council's improvement journey over the year.
73. By utilising this information, the Council can identify areas of improvement and celebrate success, and also identify areas where performance may not have been as good, and therefore the areas that may require further attention.

74. To ensure staff are consulted, and involved in decision making, various channels of communication are used including the Chief Executive's Update, Core Brief, Staff Information messages, the Staff App, and DigiGov (the Council's HR system). The revision to the Employee Engagement Strategy will be brought forward in the autumn 2020.
  75. Consultation on draft decisions resulting from budget proposals is robust and the impact on citizens and service users is an important consideration. The engagement of citizens has continued to be an important means of identifying and designing services to meet the needs and expectations of service users and citizens in Cardiff in the context of budgetary constraints. To support robust project based decision making, the Council has developed a Business Case template using the Office of Government Commerce (OGC) "Five Case Model", as recommended by HM Treasury for use by Public Sector bodies.
  76. The Council's Budget Strategy is based on an incremental budgeting approach where budgets are informed to a greater extent by corporate priorities and the required future shape of the organisation. The themes for savings in the Budget Strategy for 2020/21 were categorised as Efficiencies, Income Generation and Service Change. This change was a response in order to generate a greater level of confidence in the delivery of savings with a focus on efficiency savings being primarily in place in advance of the beginning of the Financial Year 2020/21. The onset of the Covid 19 crisis has impacted on the success of any income generation proposals and work will be undertaken to implement alternative strategies.
  77. Cardiff City Transport Services Ltd. (Cardiff Bus), one of the Council's wholly owned subsidiary companies determined to co-opt two independent non-executive directors with proven skills in governance and transport services. In January 2020, the Council agreed to re-appoint both nonexecutive directors for a further 12 months in order to ensure that there was continuity as the Company faced a challenging period ahead of it. In addition, a new Management Director was appointed in January 2020 in order to work with the Board and the Council in navigating the Company through this period.
  78. The Council has worked with the Company and its turnaround Committee in order to provide resolutions to the challenges facing the company (i.e. Pension Scheme, long term business sustainability, Covid 19) The Budget report in February 2020, included a package of financial support, subject to a future report to Full Council.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**
79. 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.

80. 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.
81. The senior management structure of the Council was unchanged for 2019/20. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity to discharge their responsibilities effectively and recognises the importance of well trained, competent people. New Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures. All new officers undertake the appropriate level of induction which includes a suite of mandatory e-learning training modules. Each mandatory training module has its own target date for full compliance. An in-house Cardiff Manager Programme represents a commitment to increasing the learning and development of staff with line management responsibilities. The programme continues to be offered more widely across the officer body without the requirement to sit a formal ILM level 3 qualification.
82. Performance is primarily evaluated through the Council's Personal Review process, which provides a framework for employees and managers to discuss work performance and behaviour as well as to identify learning and development needs. It enables employees to be clear about their roles, responsibilities and the behaviours expected of them whilst giving a clear understanding of how their job and efforts contribute to the Council's objectives. Member Personal Reviews are also in place to help them update their knowledge and learn new skills, where required, to be more effective in supporting their communities. The Cardiff Council Academy provides a number of learning and development programmes and courses.
83. The Council's Workforce Strategy has employee health and wellbeing as a priority. The Council continues to support the 'Time to Change' Pledge, has been recognised as a Disability Confident Employer, signed the Dying to Work Charter and achieved the Corporate Health Standard Silver Award. During 2018/19 the Council has continued to work towards being recognised as a Dementia Friendly organisation and achieving the Corporate Health Standard Gold Award by March 2020. The Council continued during 2018/19 to deliver the Employee Health and Wellbeing Strategy 2016-19 which provides a broad framework to address barriers to wellbeing and identify ways to improve employee wellbeing.
84. During 2019/20 the Council published an Annual Wellbeing Report, following full Council approval, in accordance with the requirements of the Wellbeing of Future Generations (Wales) Act. This provides a retrospective summary



evaluation of performance for 2018/19 and identifies areas of focus moving forward. This also discharges the responsibilities as set out by the Local Government Measure. The Annual Wellbeing report for the Financial Year 2019/20 will be published in September 2020.

85. Following its publication, the WAO audited Cardiff Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 and the WAO Code of Audit Practice. The Audit Certificate stated that "the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties." Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

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

86. Risk management is an integral part of strategic decision making, forming a key element of business planning, budget proposals, budget strategy, and 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 2019/20 to provide a transparent representation of the status of corporate risks and to support a proportionate management response.

87. The Risk Management Strategy and Policy continued to be 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. There has been a significant number of new risks due to the changing environment, Brexit, Climate Change, Covid 19 that have led to a need to reconsider all risks as a result of these environmental factors. In addition, the number of risks that are accompanied by risk indicators has increased by 64%.

88. The Council's five standing Scrutiny Committees are designed to support the Cabinet in providing accessible, efficient and effective services for citizens. They meet on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review and launch in-depth inquiries to help the Cabinet develop and review policies and services. The majority of recommendations raised to Cabinet following Scrutiny Inquiries are fully accepted. A number of the Council's collaborative activities are governed by Joint Committees which can be identified on the Council's website.

89. The Council has robust arrangements for internal control which are set out within the three statements contained within this report from the Audit manager, Audit Committee and Senior Management respectively.
90. The Council's Health and Safety Forum, comprises of appointed Elected Members, Union Representatives and relevant Council Officers, which meets quarterly. During 2019/20 the Forum reviewed a number of health and safety related policy and guidance documents in relation to Asbestos Management, Violence at Work and Risk Assessments
91. The Forum, also continued to monitor statutory maintenance compliance (continuing to focus on high risk disciplines), Legionella Management, Fire Safety, Electrical Safety and Gas Safety. The Forum also started to review violent incidents to employees of the Council as well as the action taken to reduce the risk to employees including the access to the Council's 'ALERT' Data base. The Forum continued to review RIDDOR reportable accident/incidents, with more detailed information provided on accidents/incidents in schools. In 19/20 members also reviewed the performance of construction work undertaken on school sites in relation to health and safety compliance highlighting areas of improvement for future monitoring.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**
92. 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.
93. 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.
94. The Council's Annual Wellbeing Report (formerly the Statutory Improvement Report) evaluates performance, summarising the findings of a number of reports on performance, including corporate measures and evaluations of delivery against the Capital Ambition, Wellbeing Plan and the objectives and activities that the Council is delivering as part of the Partnership arrangements (PSB).
95. 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.
96. As a result of reacting to the Covid 19 crisis the focus of the Council was assurance on the response and the impact on service delivery. This has meant that the year-end Senior Management Assurance Statements (SMAS) were not

completed with Management placing reliance on the half year assessments and the governance put in place in response to the crisis. 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.

97. 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.
98. 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 strategy and policy requires clear risk management arrangements in whichever model of service delivery is used.
99. 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**

100. An Action Plan of Significant Governance Issues is owned by the SMT, and formally reviewed and updated on a bi-annual basis. SMT considered the two broad governance issues for the prior year and determined that they needed to be retained for 2019/20 in order to ensure embedding of the intended actions.
101. The actions related to 1) evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance, 2) Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.
102. The Two issues and the corresponding proposed actions are set out below;

#### **Significant Issue**

Informed, evidenced based decision making' including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance

#### **Actions**

- Review the decision making processes to ensure that all aspects connected with legal and regulatory compliance are embedded into the processes to support the management of risk.
- Further strengthen and develop compliance information provided through the Assurance SMT as part of the decision making process and identify where improvements are needed as appropriate.
- Implement the Partnership and Collaborative Governance Framework to improve the assurance around the governance of these models of service delivery.
- Embed a consistent understanding and application of the Future Generations principle and five ways of working in its endeavours to improve outcomes for its citizens.

### **Significant Issue**

Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focussed assessment.

### **Actions**

- Review the compliance framework to ensure that all aspects are reflected in the 'Compliance Category' of the Senior management Assurance Statement
- Implement the process of triangulation of Assurance Statements in line with the Council's Code of Corporate Governance and provide feedback through the Relationship Management Process to ensure that all aspects of compliance are representative

103. Having taken the three opinions into account then we can provide reasonable assurance that Cardiff Council's governance arrangements remain fit for purpose. The steps identified under significant issues will further enhance our governance arrangements.

### **Significant Issues – The Cardiff and Vale of Glamorgan Pension Fund (The Pension Fund).**

104. During 2019/20 the Pension Fund transferred assets of £218m into the Wales Pension Partnership (WPP) UK Equity Opportunities Fund. This fund is an Authorised Contractual Scheme (ACS) which enables the eight LGPS administering authorities in Wales to pool their investments in compliance with the requirements of the UK Government. The governance arrangement for the ACS remain unchanged, it is operated by Link Fund Solutions with oversight by the eight authorities is through the WPP Joint Governance Committee (JGC) comprising one elected member from each authority. The JGC is supported by an Officer Working Group (OWG) made up of the eight Funds Treasurers and Investment Officers.

105. 2019/20 also saw the Pension Fund transfer £235m into a specific Global Equity Low Carbon Tracker with a corresponding reduction in UK and US Equity

holdings. Moving forward the impact of Environmental, Social and Governance (ESG) issues will be an increasingly significant influence on the Pension Fund investment decisions.

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

<b>Significant Issue</b>	<b>Year End Position 2019/20</b>	<b>Responsible Officer</b>
<p><b>Wales Pension Partnership – Wales Investment Pool.</b></p> <p><i>Further pooled funds will be created during 2020/21 in particular for Fixed Income and Emerging Market Assets.</i></p> <p><i>Proposals for each fund will be approved by the WPP JGC prior to submission to the FCA.</i></p>	<p><i>The Cardiff and Vale of Glamorgan Pension Fund to continue to participate in the development of investment pooling arrangements through the WPP Joint Governance Committee and the Officer Working Group.</i></p> <p><i>Developments are reported regularly to the Cardiff and Vale of Glamorgan’s Pensions Committee, the Investment Advisory Panel and the Local Pension Board</i></p>	<p><i>Corporate Director Resources</i></p>

**Certification by the Leader of the Council and the Chief Executive**

**Councillor Huw Thomas, Leader of Cardiff Council**

**Date:**

**Paul Orders, Chief Executive**

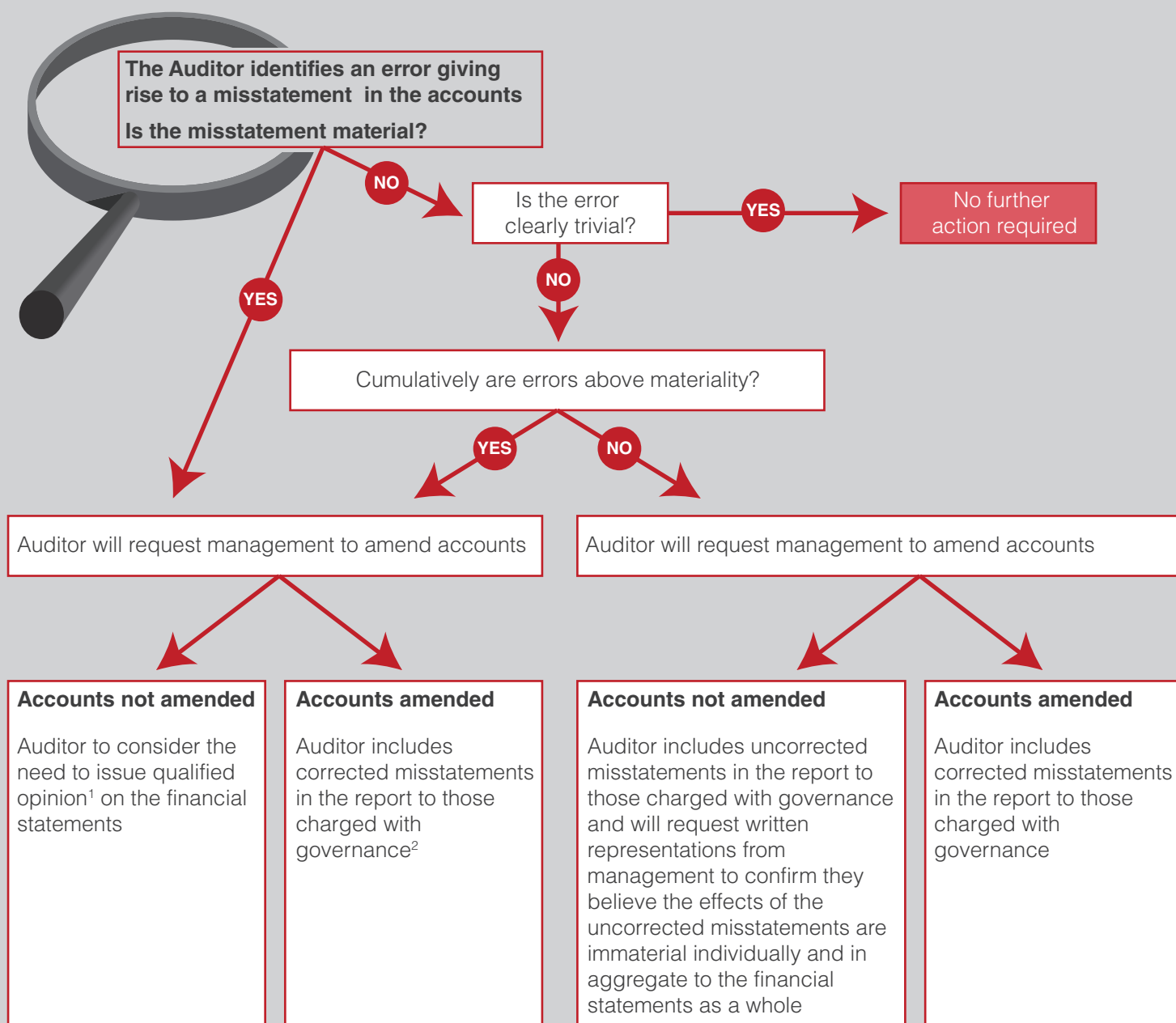
**Date:**

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# Guidance for those charged with governance when evaluating misstatements identified during the audit

Prior to approving the financial statements you will receive a report from the Wales Audit Office on the financial statements that may talk about misstatements.

The flow chart sets out the implications of misstatements identified during the audit to help you understand their impact.



We will also report any significant deficiencies in control to those charged with governance relating to those errors for consideration.

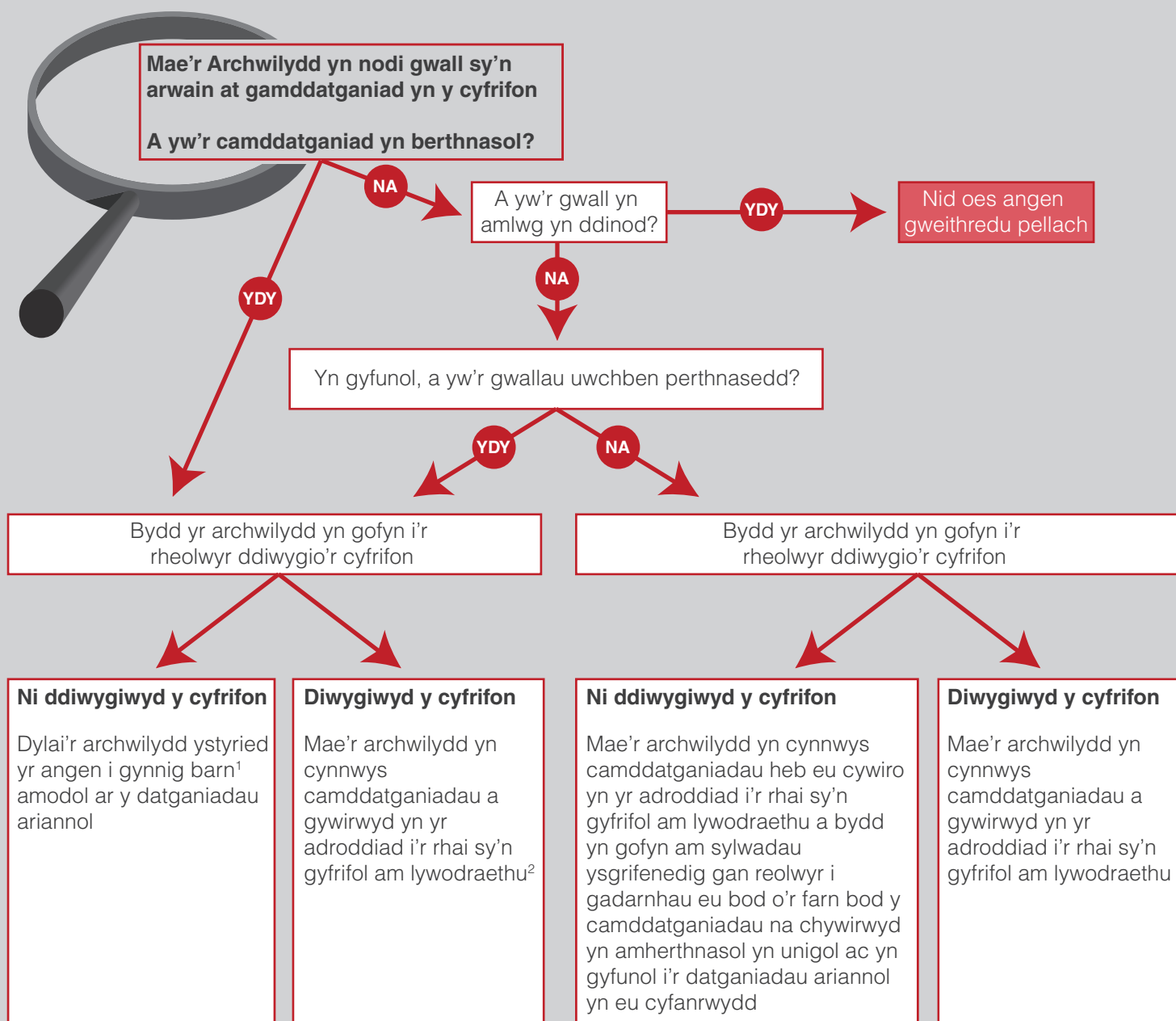
<sup>1</sup> The auditor is required to consider materiality by value and nature.

<sup>2</sup> Those charged with governance are defined as persons, such as an Audit Committee, with responsibility for the accountability of the entity including overseeing the financial reporting process.

# Canllawiau i'r rhai sy'n gyfrifol am lywodraethu wrth werthuso camddatganiadau a nodwyd yn ystod yr archwiliad

Cyn cymeradwyo'r datganiadau ariannol, byddwch yn derbyn adroddiad gan Swyddfa Archwilio Cymru ar y datganiadau ariannol a allai drafod camddatganiadau.

Mae'r siart llif yn nodi goblygiadau camddatganiadau a nodir yn ystod yr archwiliad i'ch helpu i ddeall eu heffaith.



Byddwn hefyd yn adrodd i'r rhai sy'n gyfrifol am lywodraethu ar ddiffygion sylweddol mewn rheolaeth a ddaeth i'r amlwg drwy'r gwallau hynny, er mwyn eu hystyried.

<sup>1</sup> Mae'n ofynnol i'r archwilydd ystyried perthnasedd yn ôl Pwyllgor Archwilio

<sup>2</sup> Unigolion diffiniedig, fel Pwyllgor Archwilio, yw'r rhai sy'n gyfrifol am lywodraethu, sy'n gyfrifol am atebolrwydd y colff gan gynnwys goruchwyllo'r broses adrodd ariannol.



## Audit of Accounts Report – The County Council of the City and County of Cardiff

Audit year: 2019-20

Date issued: October 2020

Document reference: 2074A2020-21

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 Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto: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

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	6
Significant issues arising from the audit	7
Appendices	
Appendix 1 – Final Letter of Representation	10
Appendix 2 – Proposed audit report	13
Appendix 3 – Summary of corrections made	17

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2019-20 accounts in this report.
- 2 We have already discussed these issues with the Corporate Director Resources and Head of Finance.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £11,900,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Remuneration
  - Related Party Transaction and balances
- 6 We have now substantially completed this year's audit. In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way.
- 7 However, in our Audit Plan dated July 2020, we brought to your attention one potential conflict of interest. This relates to the Financial Audit Manager who is a former colleague and friend of the Council's Operational Manager for Information Governance, Transactional Finance and Programme Management within the Resources Directorate. I can confirm that planned safeguards set out in the Audit Plan have operated as intended in respect of this matter. I can also confirm that, all other members of my team are independent of the Council and its senior officers.

## Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. Indeed, in recognition of the likely challenges facing councils, the Welsh Government wrote to all councils recommending that if it was not possible to meet the statutory accounts timetable, bodies should aim to prepare accounts by 31 August and publish audited accounts by 30 November 2020.
- 9 Despite the challenges faced, the Council was able to produce the draft statement of accounts by the statutory deadline of 15 June, which is a significant achievement. We are extremely grateful to the professionalism of the team in

completing the financial statements and supporting us to complete our audit in such difficult circumstances.

10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year’s audit process.

**Exhibit 1 – impact of COVID-19 on this year’s audit**

<p><b>Timetable</b></p>	<ul style="list-style-type: none"> <li>• The statutory deadline for the completion of the draft accounts was 15 June and we received them on this date.</li> <li>• Our audit commenced on 1 July, with members of our team joining throughout that month as they became available after completing work on audits within other sectors. The start date was later than intended and was due to the impact of the extended Welsh Government deadlines for the completion of audits within the NHS and Central Government sectors as a result of the COVID-19 pandemic.</li> <li>• Our deadline for completing our audit has been extended to 30 November 2020.</li> <li>• We expect your audit report to be signed on 26 October 2020.</li> </ul>
<p><b>Electronic signatures</b></p>	<p>The Corporate Director Resources provided an electronic signature, along with a supporting e-mail to confirm that he had certified the statement of accounts. We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<p><b>Audit evidence</b></p>	<p>As in previous years, we received most of the audit evidence in electronic format and we have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> <li>• officers provided electronic working papers in accordance with our agreed Audit Deliverables Report;</li> <li>• officers provided audit evidence to the audit team via e-mail or via the secure ‘Sharepoint’ folder which was accessible to Audit Wales staff remotely; and</li> <li>• officers were available through Microsoft Teams or Skype for video conference meetings, and to share on-screen information/evidence.</li> </ul>

	<p>The practical implications of lockdown, together with the additional workload pressures on your staff created by the overriding need to respond to the pandemic, meant that whilst the majority of our audit work was responded to in a timely and efficient manner, delays were experienced in receiving some audit evidence and in obtaining responses to some audit queries.</p> <p>We acknowledge, however, that most of these delays were largely unavoidable and were to be expected given this year's exceptional circumstances. Despite this, the audit is due to be completed well within the Welsh Government's revised deadline of 30 November 2020.</p>
<p><b>Other</b></p>	<ul style="list-style-type: none"> <li>• Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit.</li> <li>• Video-conference-based Audit Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.</li> </ul>

11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

12 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.

13 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.

14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

15 Our proposed audit report is set out in **Appendix 2**. Whilst our audit opinion is unqualified, it includes Emphasis of Matter paragraphs in accordance with the requirements of International Standards on Auditing (ISA) 706. The Emphasis of Matter paragraphs are in relation to material valuation uncertainties regarding two areas of the accounts as detailed below:

- Property, Plant and Equipment Assets, Heritage Assets and Investment Properties; and
- Pension Fund Pooled Property Unit Trust Investments.

- 16 Our proposed audit report also includes an Emphasis of Matter paragraph in relation to the Going Concern of Cardiff City Transport Services which is highlighted within Note 22 'Interests in Other Companies and Other Organisations' and within the 'Introduction' section of the Group Accounts on page 109.

## Significant issues arising from the audit

### Uncorrected misstatements

- 17 There is one misstatement within the accounts, which remains uncorrected. This relates to accumulated depreciation of £1,090,000 which has been credited to the Comprehensive Income and Expenditure Statement, but which should have been credited to the Revaluation Reserve in the Balance Sheet. Management have confirmed that, in their view, this is not material to the 2019/20 financial statements and as a result will amend as part of the accounts preparation for 2020/21.

### Corrected misstatements

- 18 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.
- 19 Most of the amendments required related to providing additional or updated narrative disclosures to enhance the reader's understanding of the disclosures. Overall, we did not identify many technical accounting adjustments that were required, which again is testament to the professionalism of the team involved in completing the financial statements in such difficult circumstances.

### Other significant Issues arising from the audit

- 20 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2**:

**Exhibit 2 – significant issues arising from the audit**

<b>Significant issues arising from the audit</b>	
<p><b>Material uncertainty in relation to Property, Plant &amp; Equipment Assets, Heritage Assets and Investment Properties</b></p>	<p>Page 41 of the draft financial statements refers to the, assumptions made about the future and other sources of estimation uncertainty. This highlights that, as a result of the impact of the COVID-19 pandemic, the valuations of the Council’s assets provided by its professional valuers, are reported on the basis of material valuation uncertainty. I have drawn the reader’s attention to this disclosure in an emphasis of matter paragraph in my audit report.</p> <p><b>My opinion is not modified in respect of this matter.</b></p>
<p><b>Material uncertainty in relation to Pension Fund Pooled Property Unit Trust Investments</b></p>	<p>I have also requested that the Council sets out in Note 15 at Page 70, additional narrative to disclose the material uncertainty in relation to the value of Pension Fund Pooled Property investments, highlighted by investment fund managers, as a result of the pandemic.</p> <p>The Council has included the additional narrative disclosure.</p> <p>I have also drawn the reader’s attention to this disclosure in an emphasis of matter paragraph in my audit report.</p> <p><b>My opinion is not modified in respect of this matter.</b></p>
<p><b>Impact of McCloud Pension remedy proposals on IAS 19 figures</b></p>	<p>Our audit plan highlighted the impact of the McCloud judgement as a potential audit risk. An estimate for this potential liability was compiled prior to the proposed remedy being known and was included in the 2018-19 financial statements.</p> <p>On 16 July 2020, the UK government proposed its remedy, and this had the potential to significantly impact the previous estimate.</p> <p>The actuary has confirmed that their assumptions were broadly similar to the subsequently proposed remedy. Therefore, we were able to conclude that the estimate included in the financial statements remains reasonable.</p> <p>No adjustments were therefore required to be made to the 2019-20 financial statements.</p>



## Significant issues arising from the audit

<b>Contingent Liability HMRC Landfill Tax</b>	<p>During the course of our audit, we have continued to liaise with management in terms of an ongoing HMRC investigation into the purportedly under-declared landfill tax assessment received by the Council from April 2015. Management have provided updates and supporting information to allow us to conclude that this matter is not yet resolved and that it remains appropriate that this issue continues to be accounted for as a Contingent Liability.</p>
<b>Going Concern Cardiff City Transport Services</b>	<p>As part of our audit of the Council's Group accounts, we have reviewed the 2019-20 draft accounts of its subsidiary CCTS, in which the Company Directors have referred to concerns regarding the company's ability to continue as a going concern. We have requested additional disclosure within Note 22 'Interests in Other Companies and Other Organisations' and within the 'Introduction' section of the Group accounts to reflect this issue.</p>

# Appendix 1

## Final letter of representation

[Audited body's letterhead]

Auditor General for Wales  
Audit Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

22 October 2020

## Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Cardiff Council for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; 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 Cardiff 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.

## 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. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There is one misstatement within the accounts, which remains uncorrected. This relates to accumulated depreciation of £1,090,000 which has been credited to the Comprehensive Income and Expenditure Statement, but which should have been credited to the

Revaluation Reserve in the Balance Sheet. We confirm that, in our view, this is not material to the 2019/20 financial statements and, as a result, we intend to amend for this misstatement as part of our accounts preparation process for the 2020/21 financial statements.

The impact of COVID-19, as well as the complexity and size of the Council makes producing and auditing the financial statements in the timescales set out, a significant achievement. The issues this raises in terms of basis of assumptions in terms of valuation, going concern and contingent liabilities remain areas of continued change, but reflect the position at a point in time. These assumptions will need to be continually reviewed in informing future assessments of financial performance and position, with such considerations also continuing to feed into financial resilience assessments as part of the Council's medium-term financial planning processes.

## **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 ensuring that the Council maintains adequate accounting records.

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 Full Council on 22 October 2020.

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: 22 October 2020

Signed by:

[Officer or Member who signs on behalf of those charged with governance (director only for companies)]

Date: 22 October 2020

# Appendix 2

## Proposed audit report

### **The independent auditor's report of the Auditor General for Wales to the members of the County Council of the City and County of Cardiff**

#### **Report on the audit of the financial statements**

##### **Opinion**

I have audited the financial statements of:

- the County Council of the City and County of Cardiff; and
- the County Council of the City and County of Cardiff Group

for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

The County Council of the City and County of Cardiff's financial 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 and the related notes, including a summary of significant accounting policies.

The County Council of the City and County of Cardiff Group financial 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 and the related notes, including a summary of significant accounting policies.]

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 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff's and the County Council of the City and County of Cardiff Group as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

##### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical

requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matter - effects of the COVID-19 pandemic on the valuation of Property, Plant and Equipment Assets, Heritage Assets and Investment Properties**

I draw attention to the disclosures in the assumptions made about the future and other sources of estimation on page 41 of the financial statements, which describes the impact of the COVID-19 pandemic and the material uncertainty of the valuation of the Council's Property, Plant and Equipment Assets, Heritage Assets and Investment Properties provided by the Council's external professional valuers.

My opinion is not modified in respect of this matter.

### **Emphasis of matter - effects of the COVID-19 pandemic on the valuation of Pension Fund Pooled Property Investments**

I draw attention to the disclosures in Note 15 page 70 of the financial statements which describes the impact of a material uncertainty disclosed in pension fund managers year-end valuation reports for the UK Pooled Property Investments managed on behalf of the Cardiff and Vale of Glamorgan Pension Fund.

My audit opinion is not modified in respect of this matter.

### **Emphasis of Matter Going Concern Cardiff City Transport Services**

I draw attention to Note 22 of the financial statements and the 'Introduction' section of the Group Accounts which refers to the significant risk to financial viability and going concern of Cardiff City Transport Services.

My opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's or Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## Other information

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

### Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or Annual Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## 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.

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
26 October 2020

24 Cathedral Road  
Cardiff  
CF11 9LJ



# Appendix 3

## Summary of corrections made

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 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£28.354 million	<b>Comprehensive Income and Expenditure</b> Decrease in both income and expenditure for Education & Lifelong Learning directorate in the 2018-19 comparative figures.	The prior year's income and expenditure figures for Education & Lifelong Learning directorate have been restated. This is as a result of amounts relating to the 'Central South Consortium Joint Education Service' Joint Committee being duplicated. <b>There is nil impact on the overall CIES out-turn</b>
£8.357million	<b>Note 16 – Non-Current Assets</b> Reclassification of an asset from Assets Under Construction to Investment Property within the 2018-19 comparative figures.	To correctly reflect the classification of the Council's share of assets in respect of the Cardiff Capital Region City Deal draft Group accounts.
£4.197 million	<b>Note 19 – Short Term Debtors and Note 21 – Short Term Creditors</b> Decrease in both short-term debtors and short-term creditors.	Figures amended to correct an overstatement of the debtor and creditor balances.

Value of correction	Nature of correction	Reason for correction
£2.486 million	<p><b>Note 12 – Leasing – Lessor</b></p> <p>Decrease in the amount of income reported for the banding 'Later than Five Years'.</p>	This amendment corrects an error in the expiry date of one of the leases which overstated the amount of income due.
£1.495 million	<p><b>Note 12 – Leasing – Lessee</b></p> <p>Increase in the amount of minimum lease payments reported.</p>	This amendment corrects an error in the expiry date of one of the leases which understated the amount of minimum lease payments.
£1.172 million	<p><b>Note 27 Capital Adjustment Account</b></p> <p>Decrease in depreciation charges of £1.172 million and increase in amortisation charges of £1.172 million.</p>	This is to correct a misclassification between line items within this Note.
£0.649 million	<p><b>Note 16 Non-Current Assets</b></p> <p>Decrease in both the opening cost and opening accumulated depreciation for 'Other Land &amp; Buildings'.</p>	Our testing of Non-Current Assets identified one asset where the opening cost and opening accumulated depreciation had both been overstated by the same amount. This prior period restatement corrects this presentational error.
Banding correction	<p><b>Note 8.4 Exit Packages</b></p> <p>Increase of four in the number of Exit packages falling in the banding £0-£20,000.</p>	Our work identified four exit packages that were agreed by the year-end, but which had been omitted from the banding table.

Value of correction	Nature of correction	Reason for correction
<p>Various narrative and minor numerical presentation adjustments throughout the account</p>	<p>Various numerical and narrative which include for example:</p> <ul style="list-style-type: none"> <li>• <b>Note 15 Pensions</b> Inclusion of a note to confirm that the Actuary figures take account of the McCloud judgement.</li> <li>• <b>Related parties</b> Narrative expanded to include more detail of transactions and balances.</li> </ul>	<p>A number of minor numerical and narrative changes have been made to various notes in the financial statements to provide more clarification to the reader, to correct casting errors and any internal inconsistencies.</p>



Audit Wales

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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Audit of Accounts Report – Cardiff & Vale of Glamorgan Pension Fund

Audit year:2019-20

Date issued: October 2020

Document reference: 2076A2020-21

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 Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto: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

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	6
Significant issues arising from the audit	6
Appendices	
Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed audit report	11
Appendix 3 – Summary of corrections made	15

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2019-20 accounts in this report.
- 2 We have already discussed these issues with the Corporate Director Resources and Head of Finance.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £20,340,000 for this year's audit.
- 5 We have now substantially completed this year's audit, but the following work is outstanding:
  - review of outstanding Fund Manager Type 2 Control reports.
- 6 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 7 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 8 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.



## Exhibit 1 – impact of COVID-19 on this year’s audit

<b>Timetable</b>	<ul style="list-style-type: none"><li>• The COVID-19 pandemic has created some exceptional circumstances this year and Welsh Government has issued revised timescales that require preparation and certification of draft accounts by 31 August 2020 and publication of final audited accounts by 30 November 2020 for all local government bodies in Wales. Public bodies are encouraged to conclude audits early, where possible.</li><li>• As a result of the pandemic, we received the draft accounts on 17 July 2020 which, although was later than initially planned, was ahead of the Welsh Government revised timescales.</li><li>• As a result of prioritising our resources to work on the Council’s statutory accounts audit, we did not commence our audit of the Pension Fund until mid-September.</li><li>• We expect your audit report to be signed on 26 October, well in advance of the revised timescales issued by Welsh Government.</li></ul>
<b>Electronic signatures</b>	<p>The Corporate Director Resources provided an electronic signature, along with a supporting e-mail to confirm that he had certified the statement of accounts. We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<b>Audit evidence</b>	<p>As in previous years, we received most of the audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"><li>• officers provided electronic working papers in accordance with our agreed Audit Deliverables Report;</li><li>• officers provided audit evidence to the audit team via e-mail or via the secure ‘Sharepoint’ folder which was accessible to Audit Wales staff remotely; and</li><li>• officers were available through Microsoft Teams or Skype for video conference meetings, and to share on-screen information/evidence.</li></ul> <p>The practical implications of lockdown, together with the additional workload pressures on your staff created by the overriding need to respond to the pandemic, meant that whilst the majority of our audit work was responded to in a timely and efficient manner, delays were experienced in receiving some audit evidence and in obtaining responses to some audit queries.</p>

	We acknowledge however, that most of these delays were largely unavoidable and were to be expected given this year’s exceptional circumstances. Despite this, the audit is due to be completed well within the Welsh Government’s revised deadline of 30 November 2020.
<b>Other</b>	<ul style="list-style-type: none"> <li>• Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit.</li> <li>• Video-conference-based Audit Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.</li> </ul>

- 9 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 10 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**
- 11 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 12 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 13 Our proposed audit report is set out in **Appendix 2**

## Significant issues arising from the audit

### Uncorrected misstatements

- 14 There are no misstatements identified in the accounts, which remain uncorrected.

### Corrected misstatements

- 15 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

## Other significant issues arising from the audit

16 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2**:

### Exhibit 2 – significant issues arising from the audit

Significant issues arising from the audit	
<b>Material Uncertainty in relation to the valuation of Pooled Property Funds</b>	<p>The Pension Fund holds investments in Pooled Property Funds. As a result of COVID-19, market activity has been impacted upon and property fund managers have included Material Uncertainty clauses in their Pooled Property Fund valuations.</p> <p>I have drawn the reader's attention to this disclosure in an emphasis of matter paragraph in my audit report.</p> <p><b>My opinion is not modified in respect of this matter.</b></p>

# Appendix 1

## Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales  
Audit Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

22 October 2020

### Representations regarding the 2019-20 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 2020, 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 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 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.

The impact of COVID-19, as well as the complexity and size of the Council, makes producing and auditing the financial statements of the Pension Fund, in the timescales set out, a significant achievement. The issues this raises in terms of basis of assumptions in terms of valuation reflect the position at a point in time. These assumptions will be reviewed on an ongoing basis.

## 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 Full Council on 22 October 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of  
management]

Date:

Signed by:

[Officer or Member who signs on behalf  
of those charged with governance  
(director only for companies)]

Date:

# Appendix 2

## Proposed audit report

### **The independent auditor's report of the Auditor General for Wales to the members of the County Council of the City and County of Cardiff as administering authority for Cardiff & Vale of Glamorgan Pension Fund**

#### **Report on the audit of the financial statements**

##### **Opinion**

I have audited the financial statements of Cardiff & Vale of Glamorgan Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Cardiff & Vale of Glamorgan Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. 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 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

##### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – effects of COVID-19 on the valuation of Pooled Property Funds**

I draw attention to Note 4 'Assumptions made about the future and other major sources of estimation uncertainty' to the financial statements, which describes material valuation

uncertainty clauses in property fund managers valuation reports for Pooled Property Funds, arising from circumstances caused by the COVID-19 pandemic.

My opinion is not modified in respect of this matter.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## Other information

The responsible financial officer is responsible for the other information in the Narrative Report. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.



## **Matters on which I report by exception**

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report.]

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 financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Cardiff & Vale of Glamorgan Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
26 October 2020

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of corrections made

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 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£4.737 million	<b>Fund Account &amp; Net Assets Statement</b> Decrease in Other Income and a decrease in Pension Strain Cost Debtor (due within and after one year).	A manual debtor raised in 2018-19 had not been reversed within the draft financial statements.
n/a	Various narrative and arithmetical amendments. These included, for example, amendments to: <ul style="list-style-type: none"><li>• Note 6 Membership</li><li>• Note 11a – Reconciliation in Movement in Investments</li><li>• Note 15 - Actuarial Present Value of Promised Retirement Benefits</li><li>• Note 20 - Related Parties;</li><li>• Accounting Policies for Cash and Cash Equivalents</li></ul>	A number of amendments or additional information was made to provide enhanced understanding to the reader of the financial statements.



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Audit of Accounts Report – Cardiff Harbour Authority

Audit year: 2019-20

Date issued: October 2020

Document reference: 2075A2020-21

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 Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto: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

We intend to issue a qualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	6
Significant issues arising from the audit	6
Appendices	
Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed audit report	11

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2019-20 accounts in this report.
- 2 We have already discussed these issues with the Corporate Director Resources and Head of Finance.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 The quantitative levels at which we judge such misstatements to be material for Cardiff Harbour Authority are £171,000 for income and expenditure items and working capital balances, and £3,227,000 for non-current assets and capital charges. 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.
- 5 We have now substantially completed this year's audit.
- 6 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 7 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. Indeed, in recognition of the likely challenges facing councils, the Welsh Government wrote to all councils recommending that if it was not possible to meet the statutory accounts timetable, bodies should aim to prepare accounts by 31 August and publish audited accounts by 30 November 2020.
- 8 Despite the challenges faced, the Council was able to produce the draft statement of accounts by the statutory deadline of 15 June, which is a significant achievement. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.



## Exhibit 1 – impact of COVID-19 on this year’s audit

<b>Timetable</b>	<ul style="list-style-type: none"><li>• The statutory deadline for the completion of the draft accounts was 15 June and we received them on this date.</li><li>• Our audit commenced on 9 July, which was later than intended and was due to the impact of the extended Welsh Government deadlines for the completion of audits within the NHS and Central Government sectors as a result of the COVID-19 pandemic.</li><li>• Our deadline for completing our audit has been extended to 30 November 2020.</li><li>• We expect your audit report to be signed on 26 October 2020, well in advance of the extended deadline.</li></ul>
<b>Electronic signatures</b>	<p>The Corporate Director Resources provided an electronic signature, along with a supporting e-mail to confirm that he had certified the statement of accounts. We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<b>Audit evidence</b>	<p>We received most of the audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"><li>• officers provided electronic working papers in accordance with our agreed Audit Deliverables Report;</li><li>• officers provided audit evidence to the audit team via e-mail or via the secure ‘Sharepoint’ folder which was accessible to Audit Wales staff remotely; and</li><li>• officers were available through Microsoft Teams or Skype or via e-mail.</li></ul> <p>The practical implications of lockdown, together with the additional workload pressures on your staff created by the overriding need to respond to the pandemic, meant that whilst the majority of our audit work was responded to in a timely and efficient manner, delays were experienced in receiving some audit evidence and in obtaining responses to some audit queries.</p> <p>We acknowledge, however, that most of these delays were largely unavoidable and were to be expected given this year’s exceptional circumstances. Despite this, the audit is due to be completed well within the Welsh Government’s revised deadline of 30 November 2020.</p>

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 11 We intend to issue a qualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The basis for our qualified opinion is set out in **Exhibit 2**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 14 Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit.

### Uncorrected misstatements

- 15 There are no misstatements identified in the accounts, which remain uncorrected.

### Corrected misstatements

- 16 There was no need to correct any misstatements as a result of our audit work.

### Other significant Issues arising from the audit

- 17 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There was one issue arising this year as shown in **Exhibit 2**:

**Exhibit 2 – significant issues arising from the audit**

<b>Significant issues arising from the audit</b>	
<b>Basis for our Qualified Opinion</b>	<p><b>Note 3 to the financial statements discloses that Cardiff Harbour Authority held inventory of £352,000 as at 31 March 2020.</b></p> <p>Due to the impact of the COVID-19 pandemic and the statutory lockdown arrangements that took effect from 23 March 2020, Cardiff Harbour Authority was unable to undertake a stock take of its inventory and therefore I was unable to observe and re-perform parts of that stock take in accordance with auditing standards. The level of inventory disclosed in Note 3 is at the same value as disclosed in the audited financial statements as at 31 March 2019.</p> <p>As I have been unable to obtain the required assurance by alternative means, I am unable to determine whether Cardiff Harbour Authority's reported year-end inventory balance of £352,000 is materially true and fair.</p>

# Appendix 1

## Final Letter of Representation

Auditor General for Wales  
Audit Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

22 October 2020

### Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Harbour Authority for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; 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 Cardiff Harbour 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 financial statements are free of material misstatements, including omissions and there are no uncorrected misstatements.

It is recognised that, whilst not material to the Council overall, not being able to undertake a stock valuation at 31 March 2020 is a material factor in terms of the Harbour accounts auditing process. This was not possible as, due to COVID-19, operations of the Harbour were seriously affected by the UK Government instructions for a national 'shut down' to assist with the control of the spread of the coronavirus. Protection of key personnel

became paramount above other commitments that could be postponed and retaining the stock valuation at that which existed in previous years was a reasonable assumption.

## **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 22 October 2020.

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: 22 October 2020

Signed by:

[Officer or Member who signs on behalf  
of those charged with governance  
(director only for companies)]

Date: 22 October 2020

# Appendix 2

## Proposed Audit Report

### The independent auditor's report of the Auditor General for Wales to the those charged with governance of Cardiff Harbour Authority

#### Report on the audit of the financial statements

I have audited the financial statements of Cardiff Harbour Authority for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's financial 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 the International Financial Reporting Standards (IFRSs).

#### Opinion

In my opinion, except for the possible effects of the matters described in the 'Basis for qualified opinion' section of my report, the financial statements:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the International Financial Reporting Standards.

#### Basis for Qualified Opinion

Note 3 to the financial statements discloses that Cardiff Harbour Authority held inventory of £352,000 as at 31 March 2020. Due to the impact of the COVID-19 pandemic and the statutory lockdown arrangements that took effect from 23 March 2020, Cardiff Harbour Authority was unable to undertake a stock take of its inventory and therefore, I was unable to observe and re-perform parts of that stock take.

As I have been unable to obtain the required assurance by alternative means, I am therefore unable to determine whether Cardiff Harbour Authority's reported year-end inventory balance of £352,000 is materially true and fair.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of Cardiff Harbour Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical

responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Cardiff Harbour Authority's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## **Other information**

The responsible financial officer is responsible for the other information in the Narrative Report. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit, the information contained in the Narrative Report to the accounts is consistent with the accounting statements and related notes.



## **Matters on which I report by exception**

In the light of the knowledge and understanding of Cardiff Harbour Authority and its environment obtained in the course of the audit, I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **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.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Cardiff Harbour Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Adrian Crompton  
Auditor General for Wales  
26 October 2020

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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

# Port Health Authorities in Wales Annual Return for the Year Ended 31 March 2020

## LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

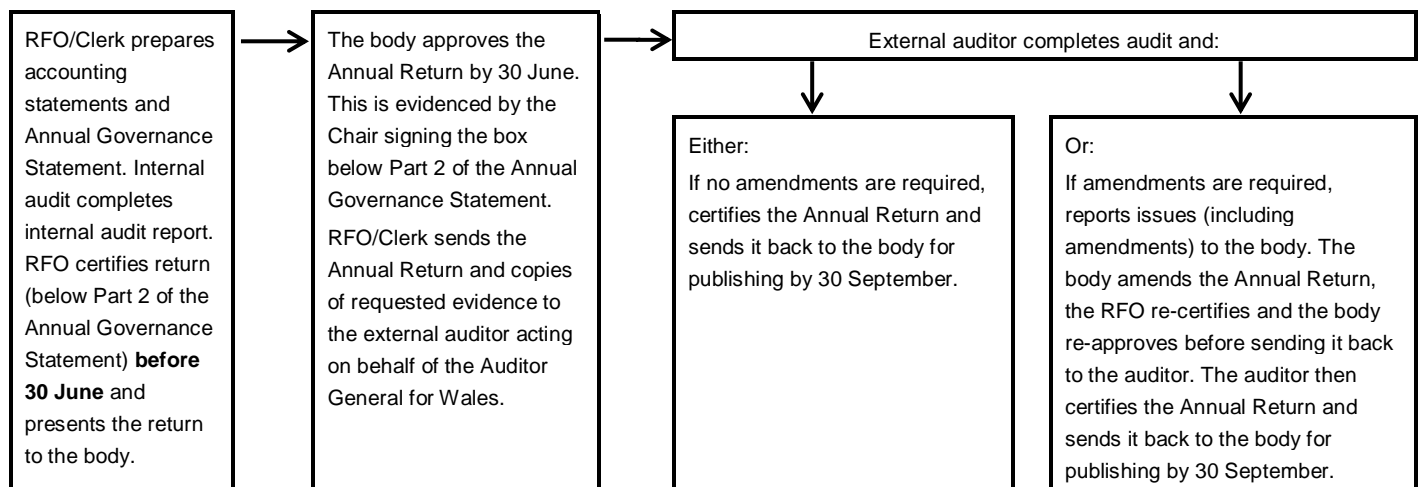
	<b>Yes</b>	<b>No</b>		<b>Yes</b>	<b>No</b>		<b>Yes</b>	<b>No</b>
<b>ENGLISH</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>WELSH</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>BILINGUALLY</b>	<input type="checkbox"/>	<input type="checkbox"/>

## THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires port health authorities in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For port health authorities, Regulation 4 of the Accounts and Audit (Wales) Regulations 2014 states that proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication **Governance and accountability for local councils in Wales – A Practitioners’ Guide** (the Practitioners’ Guide). The Practitioners’ Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners’ Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including BOTH sections of the Annual Governance Statement.

## APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the Annual Return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The authority must approve the Annual Return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales’ Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales’ certificate and report.

## Accounting statements 2019-20 for:

Name of body: Cardiff Port Health Authority

	Year ending		Notes and guidance for compilers				
	31 March 2019 (£)	31 March 2020 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.				
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	120,421	98,166	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	126,600	126,600	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	1,996	3,120	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	131,159	134,575	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.				
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	19,692	17,991	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	98,166	75,320	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).				
<b>Statement of balances</b>							
8. (+) Debtors and stock balances	12,827	0	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.				
9. (+) Total cash and investments	89,641	216,906	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	4,302	141,586	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	98,166	75,320	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>	The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).

## Annual Governance Statement (Part 1)

We acknowledge as the members of the Authority, 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 accounting statements for the year ended 31 March 2020, that:

	Agreed?		'YES' means that the Authority:	PG Ref	
	Yes	No*			
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
<p>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 Authority to conduct its business or on its finances.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
<p>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.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23	
<p>5. We have carried out an assessment of the risks facing the Authority and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9	
<p>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.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8	
<p>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 Authority and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> <li>discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.


## Annual Governance Statement (Part 2)

	Agreed?			'YES' means that the Authority:
	Yes	No*	N/A	
1. We have adopted standing orders and financial regulations as appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Has properly established its internal rules setting out how it will conduct its business.
2. We have ensured that the Authority's standing orders and financial regulations have been followed for all relevant transactions.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Has followed its internal rules and reviewed its compliance with those rules
3. All committees and sub-committees of the authority have been properly established and provided with appropriate terms of reference setting out the delegated responsibilities to make decisions or recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Has ensured that where applicable, the Authority has properly delegated its responsibilities to committees

\* Please delete as appropriate.

### Authority approval and certification

The Authority 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 the Annual Governance Statement.

<b>Certification by the RFO</b> I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	<b>Approval by the Authority</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Authority under minute reference:
	Insert minute reference and date of meeting
<b>RFO signature:</b> 	<b>Chair of meeting signature:</b> signature required
<b>Name:</b> Ian Allwood	<b>Name:</b> name required
<b>Date:</b> 22 May 2020	<b>Date:</b> dd/mm/yyyy

### Authority re-approval and re-certification (only required if the Annual Return has been amended at audit)

<b>Certification by the RFO</b> I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	<b>Approval by the Authority</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Authority under minute reference:
	Insert minute reference and date of meeting
<b>RFO signature:</b> signature required	<b>Chair of meeting signature:</b> signature required
<b>Name:</b> name required	<b>Name:</b> name required
<b>Date:</b> dd/mm/yyyy	<b>Date:</b> dd/mm/yyyy



## Auditor General for Wales' Audit Certificate and report

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 2020 of:

**Cardiff Port Health Authority**

### External auditor's report

Except for the matter reported below, on the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

### Other matters and recommendations


On the basis of our review, we draw attention to the following matter and recommendation which does not affect our audit opinion

- Regulation 15 of the Accounts and Audit (Wales) Regs 2014 requires the Annual Return to be both properly certified by RFO and approved by the Chair of the Committee or Council meeting receiving the Return, on or before 31st August 2020.
- As no approval had been given before the deadline, Cardiff County Council as administering authority had not provided proper opportunity for the exercise of electors' rights of inspection of an approved set of 'the accounts to be audited' under Section 30 of the Public Audit (Wales) Act 2004.
- Regulation 15 requires publication of a statement setting out the reasons for non-compliance and the arrangements being put in place for securing certification.
- An addendum to the Audit Notice has been published on the Cardiff County Council website to notify electors of their inspection rights over an unapproved Annual Return as audited and of the arrangements in place for a full meeting of the Council to approve the Annual Return.
- We recommend that the Council reviews the arrangements for approving the Annual Return to ensure compliance with Regulation 15 for the Annual Return covering the 2020-21 financial year.

**External auditor's name:**

**Ann- Marie Harkin**

**External auditor's signature:**



**Date: 14 October 2020**

**For and on behalf of the Auditor General for Wales**

\*

## Annual internal audit report to:

Name of body: Port Health Authority 2019-2020

The Authority's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2020.

The internal audit has been carried out in accordance with the Authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Authority.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Appropriate books of accounts has been kept throughout the year through Cardiff and Vale of Glamorgan Council's main accounting ledgers and are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<p>The Body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for under the accountable bodies VAT registration with the necessary disclosures and permissions being sought from HMRC.</p> <p>Cardiff Council remains responsible for the central recharges, the Vale of Glamorgan for the daily expenditure.</p>
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The Port Health Service Plan for 2019-2020 includes consideration for the mitigation of risks for service delivery and contain an action plan with key objectives and milestones for achieving these. The Shared Regulatory Services Business Plan 2019-2020 has been the subject of consultation with the SRS officers, senior managers at the partner Councils and a range of stakeholders.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
					The plan was presented to the Environmental Scrutiny Committee at Cardiff on May 7th 2019. The plan reflects the aspirations set out in each of the participant Council's corporate plans, along with the national priorities agreed for Regulatory Services in Wales. Performance is monitored and measured with quarterly and annual reviews by the SRS management team and SRS Management Board. The SRS plan ensures that the partner Councils continue to meet statutory requirements and to continuously improve service delivery.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Annual precept resource demand resulted from an adequate budgetary process and are calculated and the budget, income and expenditure is regularly monitored by the Accountant.  Port Health's overall accounts summary have been reported to the Shared Regulatory Services Joint Committee during 2019-2020.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Income was fully received, based on correct prices, properly recorded and promptly banked, and VAT has been appropriately accounted for.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Analysis of the overall cost / profit centre position did not identify any Imprest account reimbursements.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Salaries to employees and allowances to members were paid in accordance with approvals, and PAYE and NI requirements were properly applied.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No tangible fixed assets. Current assets include cash (held by Cardiff Council) and Debtors.
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Monthly and year-end bank account reconciliations for inter companies are undertaken as part of the council wide year-end bank reconciliations, any imbalances have been rectified during the course of the year.</p> <p>Inter companies are not identified individually throughout the year. Both of which are subject to review by the Wales Audit Office throughout the year.</p>
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Accounting statements were from figures in SAP and supported by an adequate audit trail from underlying records.</p> <p>They were prepared on the correct accounting basis with receipts and payments, income and expenditure, agreeing with the cashbook.</p>
11. Trust funds (including charitable trusts). The Authority has met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No Trust funds.

For any risk areas identified by the Authority (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text
14. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insert text

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**Internal audit confirmation**

I/we confirm that as the Authority's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2018-19 and 2019-20. I also confirm that there are no conflicts of interest surrounding my appointment.

<b>Name of person who carried out the internal audit:</b>	<b>Pernille Larsen</b>
<b>Internal Auditor address:</b>	<b>Cardiff Council- County Hall- Atlantic Wharf</b>
<b>Signature of person who carried out the internal audit:</b>	<i>Pernille Larsen</i>
<b>Date:</b>	<b>05.05.2020</b>

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Authority holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every authority must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2020 agree to Line 9?		
<b>Approval</b>	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2020?		
	Has the body approved the accounting statements before 30 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
<b>All sections</b>	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
<b>Accounts</b>	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Board's approval of the amendments before re-submission to the auditor?		

Annexes B & C to this Appendix are not for publication as they contain exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

# Treasury Management Annual Report 2019/20

Cardiff Council



## Introduction

1. Treasury management activities are the management of the 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 and updated in 2017 by the Chartered Institute of Public Finance and Accountancy (CIPFA).
3. On 25<sup>th</sup> 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 2019 on the Council's Treasury Management Strategy for 2019/20 and a mid-year review in November 2019.
4. This report provides members with an annual report for the Council's Treasury Management activities for 2019/20. It covers:-
  - the economic background to treasury activities
  - treasury investment strategy and outturn for 2019/20
  - borrowing strategy and outturn for 2019/20
  - debt rescheduling
  - compliance with treasury limits and prudential indicators
  - treasury management issues for 2019/20
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. External member training was also undertaken to support the scrutiny role. A glossary of key treasury management terms is included at Annexe E.
6. In order to further support the work of the committee and also to provide assurance to the incoming S151 Officer in respect to this key function in respect of governance and compliance with CIPFA guidance, a number of review activities were undertaken during 2019/20 and reported to Audit Committee in November 2019. These were in the form of:
  - An evaluation undertaken by an external Treasury Management expert on governance and compliance with codes of practice. This was in the form of a Compliance, Evidence, Delivery and Review (CEDR) Report.
  - A periodic internal audit review of the Treasury function which primarily covered internal controls and
  - Treasury Management benchmarking information collated, albeit highlighting the risks of comparison.
7. Given the impact of Covid 19 late in 2019/20, the impact on treasury activities will be greater during 2020/21 and for future years Medium Term Financial Planning. However



in the last few weeks of March 2020 a number of actions were taken to ensure continuity and to ensure the authority was able to meet its payment obligations. These included:

- Implementation of the Treasury continuity plan to allow the function to be delivered remotely
- Additional borrowing and measures to support liquidity given significant volatility and concerns about liquidity in the financial markets at the time
- Activation of the HM Treasury Debt Management Office account in order to support the treasury team to manage the level of funds and to mitigate against counterparty risk.

## **Economic Background**

8. Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused significant uncertainty during 2019/20. Economic growth during the year was volatile and inflation posed little concern being between 1.5% to 2.0%. Since the coronavirus outbreak however the closedown of whole sections of the economy is expected to result in a fall in GDP of at least 15% in quarter two, increases in unemployment, low inflation due to low wage growth and a significant reduction in the price of oil. UK interest rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets.
9. Bank rate remained stable at 0.75% for the majority of the year which allowed the Council a slight increase in return on investment balances. However following the COVID crises bank rate dropped to 0.25% on 11 March 2020 followed by an additional reduction to 0.10% on 19 March 2020. Further changes are not expected in the medium term. Borrowing rates continued their downward trend during the year.
10. PWLB rates are based on gilt (UK Government bonds) yields, however HM Treasury determining a specified margin to add to gilt yields. Yields were on a falling trend during 2019/20, however HM Treasury imposed two changes for PWLB rates during the year. The first in 1 October increasing the margins over gilts by 1% then partially reversing this on 11 March in respect of borrowing for the HRA. It also announced that there would be a consultation with local authorities on possibly further amending these margins.
11. The forecast is of little upward movement in PWLB rates over the next two years as it will take a prolonged period to recover momentum lost in the sharp recession resulting from the coronavirus shut down period. This is against a background of increasing national debt, which would normally result in increasing rates for borrowing.

## **Investments and Outturn**

12. The Council's treasury investments include those arising from its own temporary cash balances as well as balances held from activities of Joint Committees such as the Cardiff Capital Region City Deal, for which it is the accountable body.
13. The management of the day-to-day cash requirements of the Council is undertaken in-house with credit advice from Link Asset Services, the Council's Treasury Management advisors. This may involve temporary borrowing pending receipt of income or the

temporary lending of surplus funds. Investment balances 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.

14. The Council invests with institutions approved by Council as part of its Treasury Management Strategy and in accordance with investment guidelines established by the Welsh Government. As part of the Markets and Financial Instruments Directive II, the Council elected for 'professional' status. The categories, names, periods and size limits on the Council's approved investment list can be extended, varied or restricted at any time by the Corporate Director Resources under delegated powers and monitored closely in conjunction with the Council's treasury advisors.
15. At 31 March 2020, investments stood at £127.6 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.
16. 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 2020 are as follows:-
  - Counterparty exposure against the maximum allowed directly with an organisation. This shows that at 31 March 2020 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.
17. Using historic data adjusted for current financial market conditions, the probability of any default is low at circa 0.01% of the investments outstanding, i.e. £9,000.
18. All investments held at 31 March 2020 are deemed recoverable. Accordingly, no impairment losses are reflected in the Council's 2019/20 Statement of Accounts arising from the Council's treasury management activities.
19. The overall level of interest receivable from treasury investments totalled £1 million in 2019/20. The average returns achieved compared to industry benchmarks are shown in the table below.

	Return on Investment 2018/19		Return on Investment 2019/20	
	Benchmark 7day / 3month (%)	Achieved (%)	Benchmark 7day / 3month (%)	Achieved (%)
In-house	0.51/ 0.68	0.79	0.53/ 0.63	0.85

20. 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. The significant reduction in interest rates available for investments, had very little impact during 2019/20, but will be reflected in reduced income assumptions for 2020/21.

### **Borrowing and Outturn**

21. Borrowing is undertaken to finance the Council's capital programme and manage any short term cash flow requirements. The main sources of borrowing are identified in the table below.
22. At 31 March 2020, the Council had £828.8 million of external borrowing. This was predominantly fixed interest rate borrowing payable on maturity.

31 March 2019			31 March 2020	
£m	Rate (%)		£m	Rate (%)
660.9		Public Works Loan Board	698.9	
51		Market (Lender Option Borrower Option)	51	
4.5		Welsh Government	16.1	
0		Local Authorities	58.3	
5.5		Other	4.5	
<b>721.9</b>	<b>4.53</b>	<b>Total External Debt</b>	<b>828.8</b>	<b>4.11</b>

23. Total interest payable on external debt during 2019/20 was £32.8 million of which £12.3 million was payable by the Housing Revenue Account (HRA). In total £39.0 million was set aside from General Fund and HRA revenue budgets in line with the Councils approved policy on prudent provision for debt repayment.
24. Extracts from the borrowing strategy approved by Council in February 2019 are shown below.

*The Council's Borrowing Strategy for 2019/20 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*

- *ensuring borrowing plans are aligned to known capital expenditure spending plans and financial reserve levels and are also consistent with the prudent provision for the repayment of any capital expenditure paid for by borrowing*
- *achieving a balanced maturity profile*
- *having regard to the effects on current and future Council Tax and Rent Payers.*

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.*

25. During 2019/20 borrowing of £111 million was undertaken and £4.2 million, primarily PWLB loans was repaid. The overall effect of these transactions during the year was to reduce the average rate on the Council's borrowing to 4.11% at 31 March 2020. New loans were undertaken as follows :
- Short term borrowing of £58.250 million to pay for expenditure on the acquisition of the Red Dragon Centre. Borrowing is generally not taken specifically for assets, but until a long term strategy is in place for this site, borrowing was undertaken to try and match known short term cash flows, where possible in this case over a one to three year period. Refinancing will need to be considered as certainty in respect of the site and linked arena proposals are developed
  - PWLB borrowing of £40 million was undertaken during the year, with the Majority at the end of March. This was to reduce the internal borrowing requirement by locking into reduced long term rates given current uncertainty in financial markets; to strengthen liquidity of the Council particularly around concerns in relation to the COVID 19 position and also to utilise the recent reduction in PWLB rates towards HRA capital expenditure.
  - A loan of £10 million received from Welsh Government for the proposed Housing SME fund of the Cardiff Capital Region City Deal. The Council in this case agreed to be the recipient of the repayable loan, subject to the development of final proposals for how the fund would operate and also the Council's liability would be mitigated. Subject to the outcome of this the Council retains the option to return this loan. A further £2.810 million of repayable Town Centre regeneration funding was also received in the year from Welsh Government.
26. As part of its loan portfolio, the Council has six 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.

27. 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.
28. None of the LOBO's had to be repaid during 2019/20. £24 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. This is a manageable refinancing risk as LOBO's form a relatively low proportion of the Council's overall borrowing at 6.15%.

£m	Rate	Potential Repayment Date	Option Frequency	Full Term Maturity
6	4.28%	21/05/2020	6 months	21/11/2041
6	4.35%	21/05/2020	6 months	21/11/2041
6	4.06%	21/05/2020	6 months	23/05/2067
6	4.08%	01/09/2020	6 months	23/05/2067
22	3.81%	21/11/2020	5 years	23/11/2065
5	4.10%	16/01/2023	5 years	17/01/2078

29. In accordance with the strategy, the Council has been in a position of undertaking internal borrowing which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. The level of internal borrowing is nil as at 31 March 2020, and this is confirmed by a comparison of the Council's external level of debt and Capital Financing Requirement at 31 March 2020 as shown later in this report.

### **Debt Rescheduling**

30. No debt rescheduling or early repayment of debt was undertaken during 2019/20. 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 2020, which are eligible for early repayment (£659 million), is £623 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.
31. The Council has also offered the opportunity for early repayment of LOBO loans but any required premiums payable are unviable. 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

32. During the financial year the Council operated within the treasury limits and prudential indicators set out in the annual Treasury Management Strategy. The actual outturn is shown in the following paragraphs and compared to the original estimates contained in the 2019/20 Budget Report. Future year's figures are taken from the Budget Report for 2020/21 and will be updated in the Budget Report for 2021/22.

### Capital Expenditure

33. The "Prudential Code" requires the Council to estimate the capital expenditure that it plans to incur over the Medium Term. The actual capital expenditure incurred in 2019/20 and estimates of capital expenditure for the current and future years as set out in the Budget Report of February 2020 are as follows:-

Capital Expenditure								
	2019/20 Actual	2019/20 Original Estimate	2020/21 Estimate Month 4	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m	£m	£m	£m
General Fund	123	99	102	137	196	169	59	27
Housing Revenue Account	42	47	53	57	88	87	56	62
<b>Total</b>	<b>165</b>	<b>146</b>	<b>155</b>	<b>194</b>	<b>284</b>	<b>256</b>	<b>115</b>	<b>89</b>

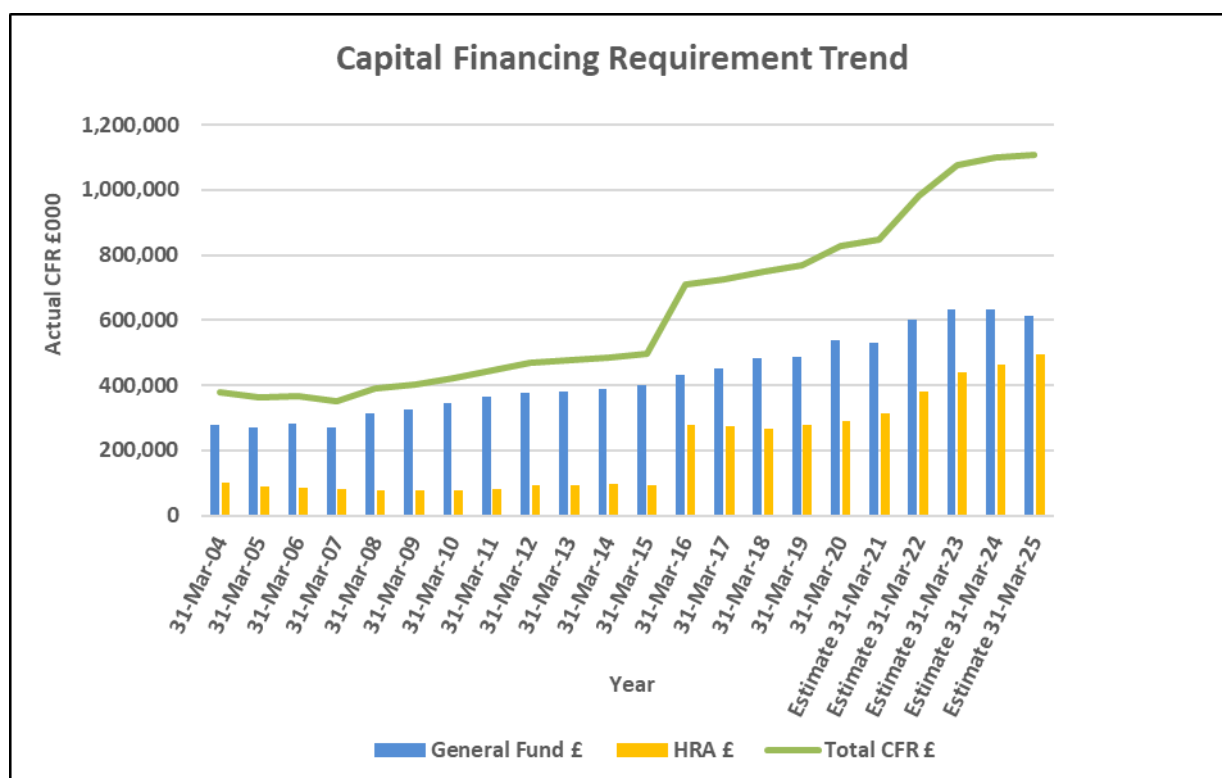
### Capital Financing Requirement (CFR) – The Borrowing Requirement (Excluding Landfill Provision)

34. Where capital expenditure has been incurred without a resource to pay for it i.e. when proposed to be paid for by supported or unsupported borrowing, this will increase what is termed the Council's Capital Financing Requirement (CFR) which is the Council's underlying need to borrow. The Council is required to make a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy. This reduces the CFR and the policy in respect to provision in relation to supported borrowing was changed in the 2020/21 budget and applied retrospectively to the 2019/20 financial year. Calculation of the CFR is summarised in the table below and results in the need to borrow money.

Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Repayment
=	<b>Closing Capital Financing Requirement (CFR)</b>

35. The chart below shows the historic trend in the CFR including the Housing Revenue Account. The latter includes the £187 million payment made to HM Treasury to exit the

subsidy system in 2015/16. Future projections of the CFR are based on the timing of the Capital investment programme and resources deemed available to fund it.



36. The CFR as at 01 April 2019 was £788 million. The actual CFR as at 31 March 2020, estimates for current and future years (estimated in the February 2019 budget) are shown in the table below and exclude non cash backed provisions in relation to Landfill after care provision:-

Capital Financing Requirement (Excludes landfill provision)							
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Original	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	Estimate	£m	£m	£m	£m	£m
		£m					
General Fund	539	492	532	601	634	634	615
Housing Revenue Account	290	309	314	381	441	464	493
<b>Total CFR</b>	<b>829</b>	<b>801</b>	<b>846</b>	<b>982</b>	<b>1,075</b>	<b>1,098</b>	<b>1,108</b>
<b>External Debt</b>	<b>829</b>						
<b>Over / (Under) Borrowing</b>	<b>0</b>						

37. The increase in the General Fund CFR for 2019/20 is as a result of the triggering of the affordability envelope set as part of the 2019/20 budget proposals in respect to the acquisition of the Red Dragon Centre site.

38. By comparing the CFR at 31 March 2020 (£829 million) and the level of external debt at the same point in time (£829 million), it can be seen that the Council is fully externally borrowed .i.e. it is not using internal cash balances to finance its capital expenditure as at 31 March 2020 (£45 million at 31 March 2019).

39. As set out in the February 2020 Budget Report, the CFR is forecast to increase over the next five years due to capital programme investment in existing assets, development of new affordable housing, and the 21<sup>st</sup> century schools programme. Forecasts will be updated in the 2021/22 Budget Report.

#### Actual External Debt

40. The Code requires the Council to indicate its actual external debt at 31 March 2020 for information purposes. This was £829 million as shown in the earlier paragraphs.

#### Affordable Borrowing Limit

41. The Council has a statutory duty under section 3 of the Local Government Act 2003 and supporting regulations to determine and keep under review how much it can afford to borrow and to enter into credit arrangements (the “Affordable Borrowing Limit”). This cannot be breached without Council approval. Council must have regard to the Prudential Code when setting this limit which is intended to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax/rent levels is affordable.
42. During 2019/20 the Council remained within the authorised limit of £990 million set for that year.

#### Operational Boundary

43. The operational boundary is the estimated level of external borrowing set at the start of the year and is subject to the level and timing of borrowing decisions during the year. The actual level of borrowing can therefore be below or above this initial estimate, but what cannot be breached is the affordable borrowing limit mentioned above. The boundary was originally estimated to be £801 million at 31 March 2020, to match the forecast for the CFR when setting the 2019/20 budget in February 2019. The timing of borrowing decisions as well as the triggering of the affordability envelope for the acquisition of the Red Dragon Centre site during 2019/20 has resulted in the actual level of external debt as at 31 March 2020 being £829 million.

#### Maturity Structure of Fixed Rate Borrowing

44. The maturity structure remains within the limits below approved as part of the 2019/20 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-19		Upper limit	31-Mar-20			
	Loans to Maturity			Loans to Maturity		Loans if LOBO's Paid Early	
	%	£m		%	£m	%	£m
Under 12 months	0.6	4.2	10	2.6	21.2	3.9	67.2
12 months and within 24 months	0.2	1.2	10	3.3	27.0	0.2	27.0
24 months and within 5 years	2.1	15.5	15	3.7	30.5	5.9	35.5
5 years and within 10 years	5.8	42	20	6.5	53.8	5.8	53.8
10 years and within 20 years	22.3	161	30	21.0	174.3	22.3	174.3
20 years and within 30 years	23.3	168	35	20.4	169.0	21.6	157.0
30 years and within 40 years	29.4	212.7	35	25.6	212.7	29.5	212.7
40 years and within 50 years	15.6	112.3	35	16.3	135.3	10.8	101.3
50 years and within 60 years	0.7	5	15	0.6	5.0	0	0

45. The maturity profile of the Council's borrowing as at 31 March 2020 is also shown in a chart in **Annexe D**. 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. Benchmarking undertaken has demonstrated that the Council's maturity profile is not inconsistent with other local authorities where information is available.

#### Ratio of financing costs to net revenue stream

46. This indicator identifies the trend in the cost of capital financing, showing the percentage of the Council's revenue budget that is committed for this purpose. Financing costs include:

- interest payable on borrowing and receivable on treasury investments
- penalties or any benefits receivable on early repayment of debt
- 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/Earn schemes.

47. For the General Fund, net revenue stream is the amount to be met from non-specific WG grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers.

Ratio of financing costs to Net Revenue Stream							
	2019/20 Original Estimate %	2019/20 Actual %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund – <b>Net</b> Capital Financing Budget	5.59	4.77	4.61	4.64	4.56	5.16	5.01
General Fund – <b>Gross</b> Capital Financing Budget	7.50	7.06	6.94	7.06	7.29	8.09	7.88
HRA	33.14	32.97	34.66	35.44	35.98	37.86	38.38

48. Although there may be short term implications, invest to save/earn 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 be delayed or will not materialise. This would have a detrimental long term consequence on the Revenue budget and requires careful monitoring when considering future levels of additional borrowing.
49. Accordingly an additional local indicator is calculated for the general fund to support decision making and is shown in the table below for the period up to 2024/25. These indicators, which will be updated in the budget proposals report for 2021/22, show capital financing costs of the Council as a percentage of its controllable budget, excluding treasury investment income:

Capital Financing Costs as percentage of Controllable Budget									
	2011/12 Actual %	2019/20 Original Estimate %	2019/20 Actual %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	Difference 11/12- 24/25 %
Net	13.47	13.75	11.87	11.21	11.35	11.21	12.88	12.49	(7.28)
Gross	15.17	18.38	17.27	16.02	16.41	17.05	19.35	18.82	24.06

50. An increasing percentage indicates that a greater proportion of the controllable budget 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. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. The percentages take into account the impact on the controllable base budget of the level of savings having to be found in 2020/21 and over the medium term.

#### Principal Invested for over 364 days

51. An upper limit for principal invested over 364 days was set at £90 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 2019/20.

## **Treasury Management issues for 2020/21**

52. Whilst this report is primarily backward looking, in relation to Treasury Activities for 2019/20, some key issues for 2020/21 are:
- The timing of external borrowing, the Council's longer term need to borrow and alternative sources for borrowing
  - The outcome of a HM Treasury review of PWLB lending policy and consultation aimed to address significant levels of borrowing undertaken by some authorities to see a financial gain
  - Maximising value from temporary cash balances whilst retaining liquidity to meet unforeseen risks in a low interest rate environment,
  - Understanding the impact of changes in accounting practice now proposed for 2021/22 in respect to leasing and impact on indicators
  - Financial market uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020, following the departure of the UK from the EU on 31 January 2020.
53. In accordance with the Council's Treasury Management Policy, Council will receive a further update on Treasury Management issues as part of the 2020/21 Mid-Year Treasury Management report in November 2020.

### **Christopher Lee**

Corporate Director Resources  
15 October 2020

The following Annexes are attached:-

Annexe A – Treasury Management Policy and Four Clauses of Treasury Management

Annexe B – Investments at 31 March 2020

Annexe C – Investment charts at 31 March 2020

Annexe D – Maturity analysis of debt as at 31 March 2020

Annexe E – Glossary of Treasury Management terms

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## **Annexe A – Treasury Management Policy and Four Clauses of Treasury Management adopted by Council 25/02/2010**

### **Council's treasury management Policy / Activities**

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.

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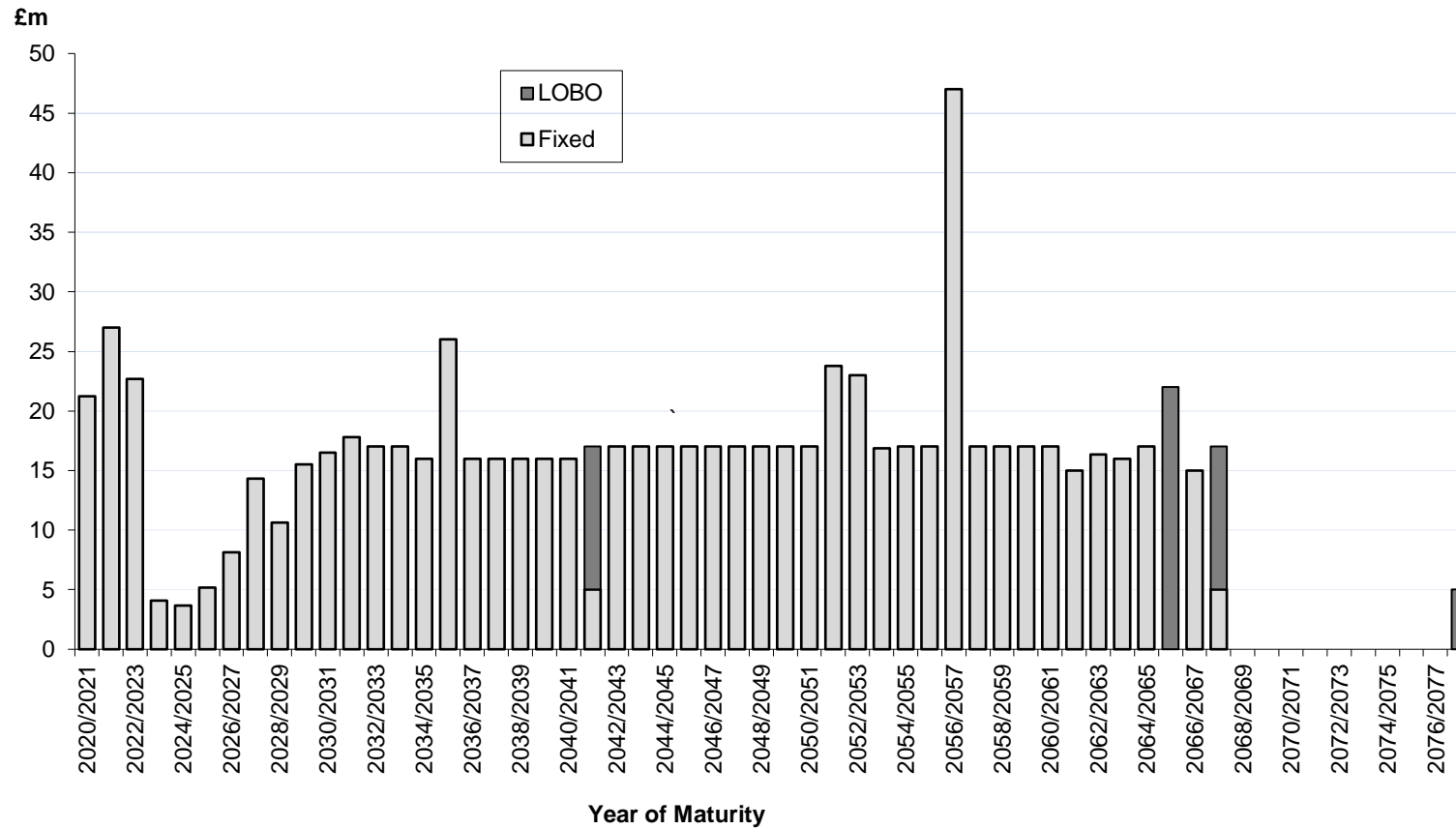


By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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## Annexe D – Maturity Profile of Debt at 31 March 2020



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## **Annexe E – Glossary of Treasury Management Terms**

### **Bank Rate**

1. The rate of interest set by the Bank of England as a benchmark rate for British banks.

### **Bonds**

2. A long-term debt security issued by a company, a financial institution, a local authority, national government or its affiliated agencies. It represents an undertaking to repay the holder the fixed amount of the principal on the maturity date plus a specified rate of interest payable either on a regular basis during the bond's life (coupon) or at maturity.

### **Borrowing**

3. Loans taken out by the authority to pay for capital expenditure or for the prudent management of the Council's financial affairs, which are repayable with interest.

### **Capital Expenditure**

4. 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.
5. The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 as amended. Statute relies on the accounting measurement of cost in International Accounting Standard (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 (CFR)**

6. An authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account.

### **Capital Market**

7. A market for securities (debt or equity), where companies and governments can raise long-term funds (periods greater than one year). The raising of short-term funds takes place on other markets (e.g. the money market).

### **Capital Programme**

8. The Capital Programme sets out the Council's capital expenditure plans for the forthcoming financial year as well as for the medium term. It is approved annually at Council and identifies the estimated cost of those schemes, their projected phasing over financial years as well as the method of funding such expenditure.

### **Certificates of Deposits (CDs)**

9. A certificate issued for deposits made at a deposit-taking institution (generally a bank). The bank agrees to pay a fixed interest rate for the specified period of time, and repays the principal at maturity. CDs can be purchased directly from the banking institution or through a securities broker. An active interbank secondary market exists to buy and sell CDs.

### **Chartered Institute of Public Finance & Accountancy (CIPFA)**

10. CIPFA is the professional body for accountants in public finance. As a specialised public services body, it provides information, guidance, and determines accounting standards and reporting standards to be followed by Local Government.

### **Collective Investment Scheme Structures**

11. Schemes whereby monies from a number of investors are pooled and invested as one portfolio in accordance with pre-determined objectives.

### **Corporate Bonds**

12. Bonds that are issued by a company or other non-government issuers. They represent a form of corporate debt finance and are an alternative means of raising new capital other than equity finance or bank lending.

### **Counterparty**

13. One of the parties involved in a financial transaction with whom the Council may place investments.

### **Counterparty / Credit Risk**

14. Risk that a counterparty fails to meet its contractual obligations to the Council to repay sums invested.

### **Credit Criteria**

15. 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 Default Swaps**

16. A financial transaction which the buyer transfers the credit risk related to a debt security to the seller, who receives a series of fees for assuming this risk. The levels of fees reflect the perceived level of risk.

### **Credit Rating**

17. A credit rating assesses the credit worthiness of an individual, corporation, or even a 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. Ratings usually consist of a long-term, short term, viability and support indicators. The Fitch credit rating of F1 used by the Council is designated as "Highest Credit Quality" and indicates the strongest capacity for timely payment of financial commitments.

### **Debt Management Account Deposit Facility (DMADF)**

18. The Debt Management Office provides this service as part of its cash management operations and of a wider series of measures designed to improve local and central government's investment framework and cash management. The key objective of the DMADF is to provide users with a flexible and secure facility to supplement their existing range of investment options while saving interest costs for central government.

### **Debt Restructuring**

19. Debt restructuring is a process that allows an organisation to reduce, renegotiate and undertake replacement debt.

### **Diversification of Investments**

20. The process of creating a portfolio of different types of financial instruments with regard to type, price, risk issuer, location, maturity, etc. in order to reduce the overall risk of the portfolio as a whole.

### **Duration (Maturity)**

21. The length of time between the issue of a security and the date on which it becomes payable.

### **External Borrowing**

22. Money borrowed from outside of the Council.

### **Financial Instrument**

23. Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial liabilities are borrowing and financial guarantees. Typical financial assets include bank deposits, amounts owed by customers, loans receivable and investments.

### **Fitch Credit Ratings**

24. A commercial organisation providing an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The opinion is usually provided in the form of a credit rating.

### **Fixed Rate**

25. An interest rate that does not change over the life of a loan or other form of credit.

### **Floating Rate Notes**

26. A money market security paying a floating or variable interest rate, which may incorporate a minimum or floor.

### **Fraud / Error Risk**

27. Risk of losses being incurred as a result of fraud, error or corruption in treasury management and failure to institute adequate systems, procedures and other arrangements to prevent irregularities.

### **Housing Revenue Account (HRA)**

28. The HRA is an account of expenditure and income that every local authority housing department must keep in accordance with the Local Government & Housing Act 1989. The account is kept separate or ring fenced from other Council activities. Income is primarily generated by the rents and service charges paid by tenants, while expenditure is on the management and maintenance of the housing stock, and capital financing charges on the HRA's outstanding loan debt.

### **Interest Rate Risk**

29. Risk that fluctuations in interest rates could impose extra costs against which the Council has failed to protect itself adequately.

### **Internal Borrowing**

30. Money borrowed from within the Council, sourced from temporary internal cash balances.

### **Investments**

31. The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

### **Lender Option Borrower Option Loans (LOBOs)**

32. 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.

### **Liquidity**

33. The ability of the Council to meet its financial obligations as they fall due.

### **Market Loans**

34. Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Body.

### **Medium Term Financial Plan**

35. Plan outlining the financial strategies and actions that are envisaged by the Council in the medium term regarding the budget.

### **Markets in Financial Instruments Directive (MiFID)**

36. EU legislation that regulates firms who provide financial instrument services. MiFID was applied in the UK from November 2007, but was revised with changes taking effect from 3 January 2018 (MiFID II).
37. The aim is to ensure financial institutions undertake more extensive checks on their client's suitability for investment products. Organisations undertaking investments will be either classified as 'retail' or 'professional'.
38. MiFID II requires all Local Authorities to be initially treated as "retail clients" unless they "opt up" to a "professional client". The assumption being that retail clients require a greater level of due diligence and support for investment decision making. Financial



institutions will owe a greater duty of care to retail clients, however, they will have no greater financial protection than professional clients.

### **Minimum Revenue Provision (MRP)**

39. This is the amount which must be charged to the authority's revenue account each year and set aside as provision for repaying external loans and meeting other credit liabilities. The prudent amount is determined having regard to guidance issued by WG. This has the effect of reducing the Capital Financing Requirement (CFR).

### **Money Market**

40. The market for short-term securities or investments, such as certificates of deposit, commercial paper or treasury bills, with maturities of up to one year.

### **Money Market Funds**

41. An investment fund which pools the investments of numerous depositors, spreading those investments over a number of different financial instruments and counterparties. Funds with a Constant Net Asset Value (CNAV) are those where the sum invested is the same on maturity, Low Volatility Net Asset Value (LVNAV) are those where any sum invested is likely to be the same on maturity. Funds with a Variable Net Asset Value (VNAV) are those where the sum on maturity could be higher or lower due to movements in the value of the underlying investments.

### **Net Asset Value (NAV)**

42. The market value of an investment fund's portfolio of securities as measured by the price at which an investor will sell a fund's shares or units.

### **Pooling**

43. The process whereby investments or loans are held corporately rather than for specific projects or parts of the Council, with recharges to those areas for their share of the relevant income and expenditure using an agreed methodology, where such a recharge is required to be made.

### **Prudential Code for Capital Finance**

44. 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.

### **Public Works Loans Board (PWLB)**

45. The Public Works Loans 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.

### **Refinancing Risk**

46. Risk that maturing borrowing or other financing of capital projects cannot be renewed on terms that reflect existing assumptions and that the Council will suffer extra costs as a result.

### **Regulatory Risk**

47. Risk that actions by the Council or by any person outside of it are in breach of legal powers or regulatory requirements resulting in losses to the Council, or the imposition of extra costs.

### **Ring Fencing**

48. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
49. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

### **Security**

50. Protecting investments from the risk of significant loss, either from a fall in value or from default of a counterparty.

### **Sovereign Credit Ratings**

51. The credit rating of a country. It indicates the risk level of the investing environment of a country, taking into account political risk and other factors.

### **Sterling**

52. The monetary unit of the United Kingdom (the British pound).

### **Term Deposits**

53. 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**

54. The management of the organisation’s borrowing, 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.

### **Treasury Bills**

55. Debt securities issued by a government with a short-term maturity of up to 6 months.

### **UK Government Gilts**

56. Fixed-interest debt securities issued or secured by the British Government. Gilts are always denominated in sterling though the Government occasionally also issues instruments in other currencies in the Eurobond market or elsewhere.

### **Variable Rate**

57. An interest rate that changes in line with market rates.

### **Yield**

58. The annual rate of return paid out on an investment, expressed as a percentage of the current market price of the relevant investment.

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**COUNCIL: 22 OCTOBER 2020**

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**REPORT OF THE HEAD OF SHARED REGULATORY  
SERVICES**

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**LICENSING: REVIEW OF STATEMENT OF LICENSING POLICY****Reason for this Report**

1. To formally authorise the publication of, and use of, the Council's Statement of Licensing Policy (SLP) and Cumulative Impact Assessment (CIA) which have been reviewed and updated in accordance with the statutory requirements of the Licensing Act 2003, following the commencement of the Policing and Crime Act 2017.

**Background**

2. The Council is the licensing authority for Cardiff for the purposes of the Licensing Act 2003.

Under section 5 of the Licensing Act 2003 each licensing authority must produce a Statement of Licensing Policy every five years. The Council's current Statement of Licensing Policy was last revised in 2016 and was due to be renewed in January 2022.

3. The Policing and Crime Act 2017 introduced 'Cumulative Impact Assessments (CIAs)' into the Licensing Act 2003, with commencement from April 2018. Due to these changes it is necessary to bring forward the review of the Council's current Statement of Licensing Act Policy (SLP) and publish a separate CIA.
4. The Council is asked to approve the publication of the SLP and CIA and adopt its use with effect from 1 December 2020.

**Issues**

5. The Statement of Licensing Policy outlines the licensing authority's approach to licence applications and deals with the problems and issues surrounding such applications. The previous policy proved to be robust and effective in providing an additional framework for dealing with applications under the Licensing Act 2003.

6. In accordance with legislative requirements, the SLP and CIA have been reviewed and amendments proposed in consultation with responsible authorities, stakeholders and the citizens of Cardiff. The new draft SLP and CIA were further amended as a result of the representations received.
7. The draft SLP and CIA were approved by the Licensing Committee at its meeting of 10 September 2020. A copy of these documents are attached at Appendix A and Appendix B of this Report.

### **Legal Implications**

8. The Licensing Act 2003 places a statutory requirement on licensing authorities to issue a Statement of Licensing Policy with respect to the exercise of their licensing functions. It is a requirement of the Act that the full Council meeting should formally approve the Policy for publication.

### **Financial Implications**

9. This report does not result in any additional financial implications and can be achieved within existing budget provision.

### **Recommendations**

#### **The Council is recommended to:**

- 1) Approve the decision taken by the Licensing Committee at its meeting of 10 September 2020 to adopt and publish the Statement of Licensing Policy and Cumulative Impact Assessment for use with effect from 1 December 2020.
- 2) Authorise the Head of Shared Regulatory Services to make administrative amendments to the documents should the need arise.

**Dave Holland**  
**Head of Shared Regulatory Services**

7 October 2020

*The following Appendices are attached:*

Appendix A - Statement of Licensing Policy 2020 - 2025  
Appendix B - Cumulative Impact Assessment 2020

*The following Background Documents have been taken into account:*

Statement of Licensing Policy Report - Licensing Committee 10 September 2020

# City of Cardiff Council

## Statement of Licensing Policy

### 2020-2025



# Contents

<b>1. Introduction</b>	<b>4</b>
<b>2. Background</b>	<b>5</b>
2.1 Purpose and scope of the Licensing Policy	5
2.2 Profile of the City of Cardiff	7
<b>3. The Licensing application process</b>	<b>9</b>
3.1 Premises Licence	9
3.2 Personal Licence	15
3.3 Temporary Event Notices and other events	16
3.4 Large Scale Events	16
<b>4. Responsible Authorities and making representations</b>	<b>17</b>
4.1 Responsible authorities	17
4.2 Licensing Authority	17
4.3 Local Health Board	18
4.4 Other persons representations	19
4.5 Making representations	19
4.6 Anonymous representations and petitions	20
<b>5. Decision making and delegation of functions</b>	<b>20</b>
5.1 Decision making	20
5.2 Conditions	21
5.3 Delegation of functions	23
<b>6. Enforcement, Agency Integration and other related legislation</b>	<b>24</b>
6.1 Enforcement and Agency integration	24
6.2 Other relevant legislation and strategies	25
6.3 Provision of Services Regulations	25
6.4 Planning	26
<b>7. Key factors</b>	<b>27</b>
7.1 What this Policy aims to encourage	27
7.2 Operating Schedules	28
7.3 Licensing hours	29
7.4 Promotion of the Licensing Objectives	30
7.4A Prevention of Crime and Disorder	30
7.4B Public Safety	33



7.4C	Prevention of public nuisance	35
7.4D	Prevention of Children from harm	38
7.4.5	Negative Cumulative Impact	40
<b>8.</b>	<b>Cardiff Council Cumulative Impact Policy</b>	<b>41</b>
8.1	CIA – City Centre	48

## Appendices

<b>Appendix A</b>	Glossary of terms	56
<b>Appendix B</b>	Responsible authorities – Contact details	58
<b>Appendix C</b>	Map of Cardiff	60
<b>Appendix D</b>	Locations of licensed premises	61

DRAFT

# 1

## Introduction

Cardiff Council has a duty to administer and enforce the Licensing Act 2003 which gives local authorities responsibility for licensing the sale and supply of alcohol, regulated entertainment and the provisions of late night refreshment.

The Licensing Act requires that Licensing Authorities publish a Statement of Licensing Policy for their area to guide them when considering licence applications and controlling licensed premises. This Statement of Licensing Policy is produced in response to this requirement and applies to all applications, notices, representations and requests we receive under the Licensing Act 2003. The Policy also aims to provide guidance to applicants, objectors and interested residents, businesses and the wider community about the approach we will take as the Licensing Authority. It has been the subject of consultation with local bodies, organisations and residents. A list of consultees is provided within the policy statement.

Cardiff's original policy was published in 2005 and was subsequently reviewed every 3 years as required by the legislation at that time. Since then changes to the Licensing Act 2003 mean that licensing authorities are now required to review their statements of Licensing Policies every 5 years. This policy is the 5<sup>th</sup> Statement of Licensing Policy produced by Cardiff Council.

This is that statement of policy has been prepared in accordance with the provisions of the 2003 Act and the latest version of Home Office Guidance issued under section 182 of the Act

### 2.1 Purpose and scope of the Licensing Policy

This Statement of Licensing Policy is produced in response to the requirements of Section 5 of the Licensing Act 2003. It aims to ensure a consistent approach to licensing within Cardiff. The policy will assist officers and members in reaching a decision on a particular application, setting out those matters that will normally be taken into account. In addition the Policy seeks to provide clarity for applicants and residents to enable them to understand the objectives being promoted and the matters that will be considered in determining licences. In carrying out its licensing functions the Licensing Authority must promote the following four licensing objectives:-

- The prevention of crime and disorder
- Public safety
- The prevention of public nuisance
- The protection of children from harm.

For the purposes of this Policy Statement, Cardiff Council is the Licensing Authority and is referred to in this document as “the licensing authority” unless otherwise stated.

This Policy covers a wide range of licensing activities covered by the Licensing Act 2003 as follows:-

- Retail sale of alcohol
- Supply of alcohol to club members
- Provision of entertainment to the public or club members or with a view to making profit including raising money for charity where the entertainment involves:
  - A theatrical performance.
  - Film exhibition
  - Indoor sporting event
  - A boxing or wrestling entertainment
  - Live music performance
  - Playing or recorded music
  - Dance performance.
- Supply of hot food or drink from premises from 23.00 to 05.00 hours (the provision of late night refreshment).

The scope of the policy statement includes new licence and permit applications, renewals, transfers and variation of conditions for annual and where applicable occasional licences. Nothing in this policy will prevent a person applying for a variety of permissions under the Act.

This Policy Statement will come into force on XXXXXXXX and will be monitored and changed as necessary.

As part of the development of this Policy, various partners were engaged in consultation and their views have been taken into account. Consultation partners included:

- South Wales Police
- Cardiff Partnership
- Cardiff Licensees Forum
- Licensable Industry Companies
- Licensed Premises Supervisors
- Cardiff Children’s Services
- Cardiff Health and Safety Team
- Cardiff residents
- Cardiff Economic Development
- South Wales Fire Authority
- British Institute of Innkeeping
- Independent Licensees
- The Club and Institute Union
- Cardiff Trading Standards
- Cardiff Pollution Control
- Cardiff Development Control Team
- Cardiff and Vale Univ. Health Board
- Cardiff Access Group
- Licensing Solicitors

## Departure from the Policy

This Policy sets out the vision for the regulation of licensed premises throughout Cardiff and outlines the standards expected to ensure the promotion of the four licensing objectives of the City.

### Key message

The Licensing Authority may depart from the Policy if it considers that doing so would benefit the promotion of the Licensing Objectives. Reasons will be given for any such departure from the general policy. However, it is expected that any such departure would be likely only in exceptional circumstances.

## 2.2 Profile of Cardiff

Cardiff is the capital City of Wales and is continuing to grow faster than any other capital city in Europe. In population terms, it is the largest Local Authority in Wales (35,000) but measures of population belies Cardiff's significance as a regional trading and business centre. The population swells by approximately 70,000 daily with commuters and visitors. Its popularity as a shopping and leisure destination extends way beyond Wales with many visitors not only from the rest of the UK but from overseas.



Cardiff is the seat of government and the commercial, financial and administrative centre of Wales. Cardiff boasts one of the most vibrant city centres in the UK with an average daily footfall of 70,000 people which increases up to 150,000 when the City's Principality Stadium hosts international events.

Cardiff Bay is a world class waterfront development and the Principality Stadium ranks among the world's finest sports stadia, hosting major events that demonstrate Cardiff's developing role on the international stage. Its impressive range of cultural, sporting and arts facilities including the National Museum of Wales and the Museum of Welsh Life, St David's Hall, New Theatre, Millennium Centre and City Stadium, as well as the International Sports Village.

Such developments have led to a vibrancy and dynamism across the City which presents significant challenge to enforcement services wanting to secure the safety of their local population and visitors. There are currently 1400 licensed premises in Cardiff, around a quarter of which are located in the City Centre.

The Cathays electoral ward which includes the City Centre has the highest number of licensed premises followed by Plasnewydd ward which has a busy commercial district along City Road, Albany and Wellfield Road. Both Cathays and Plasnewydd have large student populations. Butetown encompasses the popular Mermaid Quay waterside development with bars, restaurants and entertainment and has the third highest number of licensed premises.

It is widely recognised that licensed premises make a significant contribution to Cardiff's economy. The diverse range of licensed premises appeal to visitors, tourists and local citizens and include over 300 licensed restaurants, nearly 300 pub/bar/nightclubs, 200 convenience stores, 130 takeaways, 6 theatres and 50 sports clubs. Other licensed establishments include stadia, bowling alleys, cinemas, art galleries and hotels.

Successful partnership working with the licensed trade is crucial to supporting well run licensed premises that contribute positively to the local community and economy. Improvements made over recent years and the diversification of premises to become more attractive to a wider customer base have turned around the negative portrayals on Cardiff's night time economy that were experienced several years ago.

It is acknowledged that the majority of Cardiff's licensed premises are well run and positively promote the four licensing objectives. It is therefore essential to ensure that this is maintained and this policy contributes to the sustained improvement of the licensed economy as Cardiff continues to develop in the future.

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## 3.1 Premises Licences

When determining applications the Licensing Authority will have regard to this Policy, the Act and the Section 182 Guidance.

Applicants should make themselves aware of the council's statement of licensing policy, in particular the issues that will need to be addressed in formulating the operating schedule.

The Licensing Authority will expect individual applicants to address the licensing objectives in their operating schedule having regard to the location and type of premises, the licensable activities to be provided, and the operational procedures.

Applicants will be encouraged to make themselves aware of any relevant local crime prevention strategies, planning policies and supplementary planning guidance, tourism, cultural or local crime prevention, alcohol reduction strategies; and to have taken them into account, where appropriate, when formulating their operating schedule.

Applicants should consider the benefits of exceeding their statutory consultation requirements by proactively seeking the views of local residents, local ward Councillors, businesses and responsible authorities on their operating Schedules. Responsible authorities include the Police, Fire Authority, Local Health Board and the local authority (in particular the Pollution Control, Health and Safety, Trading Standards, Development Control sections and the Licensing Authority). Contact details for the responsible authorities are detailed in Appendix B of this Policy.

Applicants are expected to have taken the wider local concerns and issues into account when establishing appropriate conditions to meet the licensing objectives. Issues such as drink spiking, date rape, fly posting, irresponsible promotions, drink related violence and binge drinking should be addressed in the light of the situation in the City of Cardiff as a whole.

To ensure that cultural diversity thrives, Cardiff Council has established a policy of obtaining Premises Licences for public spaces within their area in their own name. This enables performers and entertainers wishing to use public spaces for licensable activities to seek permission from the Council rather than applying for their own Premises Licence or Temporary Event notice.

## Live Music Act 2012 and Deregulation Act 2015

A number of changes have been made to the Licensing Act 2003 resulting from new legislation being implemented. These changes have had the effect of removing some activities from licensing requirements. The relevant legislation is as follows:-

- Live Music Act 2012
- Licensing Act 2003 (Description of Entertainment)(Amendment) Order 2013
- Deregulation Act 2015
- Legislative Reform (Entertainment Licensing) Order 2014.

Consequently, the following activities, no longer require licensing.

- Unamplified live music taking place between 08:00 and 23:00 hours in all venues
- Amplified live music and recorded music taking place between 08:00 and 23:00 hours before audiences of no more than 500 persons on premises authorised to supply alcohol for consumption on the premises
- Amplified live music taking place between 08:00 and 23:00 hours before audiences of no more than 500 persons in workplaces not otherwise licensed under the 2003 Act (or licensed only for the provision of late night refreshment)
- Amplified live music or recorded music performed between 08.00 and 23.00 on any day, in a church hall, village hall, community hall, or other similar community premises, that is not licensed by a premises licence to sell alcohol, provided that (a) the audience does not exceed 500, and (b) the organiser gets consent for the performance from a person who is responsible for the premises.
- Amplified live music or recorded music performed between 08.00 and 23.00 on any day, at the non-residential premises of (i) a local authority, or (ii) a school, or (iii) a hospital, provided that (a) the audience does not exceed 500, and (b) the organiser gets consent for the performance on the relevant premises from: (i) the local authority concerned, or (ii) the school or (iii) the health care provider for the hospital.
- Provision of entertainment facilities
- Plays and dance – no licence is required for performances between 08:00 and 23:00 on any day for audiences up to 500 people
- Films: no licence is required for ‘not-for-profit’ film exhibition held in community premises between 08.00 and 23.00 on any day provided that the audience does not exceed 500 and the organiser (a) gets consent to the screening from a person who is responsible for the premises; and (b) ensures that each such screening abides by age classification ratings.
- Entertainment at travelling circuses (excluding films, boxing or wrestling)
- Indoor sporting events before an audience of up to 1000 persons between 08:00 and 23:00 on any day
- Greco-Roman and freestyle wrestling before an audience of up to 1000 persons between 08:00 and 23:00 on any day
- The provision of entertainment by or on behalf of local authorities, health care providers or schools on their own defined premises

Conditions on Premises Licences relating to these deregulated activities will not apply (during the restricted hours and as long as audience restrictions are not exceeded), however the Licensing Authority may still impose conditions about these activities following a review of a



Premises Licence or Club Premises Certificate where relevant to promote the licensing objectives.

## Petrol/Service Stations

Section 176 of the Licensing Act 2003 states that no Premises Licence, Club Premises Certificate or Temporary Event Notice has effect to authorise the sale of alcohol from a motorway or trunk road service area or premises used primarily as a garage or which form part of premises which are primarily so used.

If a Licence is granted, the licensee must ensure alcohol is not sold any time when the primary use of the premises is as a garage.

### Key message

Satisfactory evidence will be required to accompany applications for the sale of alcohol at petrol and service stations to demonstrate their primary use.

The procedure for making a new application and changes to an existing Premises Licences or Club Premise Certificates are similar. Both involve the same advertising procedure, a 28 day consultation period and the application is determined by the Licensing Sub-Committee if relevant representations are received. If no relevant representations are received the application is automatically granted as applied for at the end of the consultation period.

Applicants must:-

- Submit a completed application on the prescribed application form to Cardiff Council with the required fee and a plan of the premises of 1:100 scale (unless agreed otherwise). The application form must include an Operating Schedule. Individuals applying for a premises licence must also provide documentation (as listed on the application form) to demonstrate entitlement to work in the UK.
- Submit an entire copy of the application to all responsible authorities at the same time as the application is submitted to the Licensing Authority. NB. *If applicants chose to apply online through the Gov.UK portal, they are not required to submit copies to the responsible authorities.*
- Advertise the application in a prominent position at or on the premises on an a pale blue coloured notice of at least A4 size with a minimum font size of 16 , for not less than 28 consecutive days starting on the day following the day on which the application was submitted to the Licensing Authority.
- Advertise the application within 10 working days (starting the day after a valid application was submitted to the Licensing Authority) in a local newspaper circulating in the relevant part of Cardiff's district such as the South Wales Echo or Western Mail.
- If the application includes the retail or supply of alcohol, the consent of individual Personal Licence holder who wishes to be the Designated Premises Supervisor (DPS) is required with the application.

The application will be advertised on Cardiff Council's website.

It is strongly recommended that before submitting an application, applicants read "*Cardiff Council's Licensing Act 2003: Guidance for applicants – New Premises and Variation Applications*".

All applicants for the grant or variation of a Premises Licence or Club Premises Certificate are expected to demonstrate within their Operating Schedules how they intend to promote each of the four licensing objectives. The proposals included in the Operating Schedule will form the main body of conditions to be applied to the licence or certificate (if granted).

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## Minor Variation

Small changes to a Premises Licence or Club Premises Certificate that will not impact adversely on the licensing objectives can be dealt with via the 'Minor Variation' process which is a scaled down version of the full variation process detailed above with a reduced fee.

We expect that the process will be used for changes such as:

- Small changes to the structure or layout of a premises;
- Additional authorisations required for late night refreshment or regulated entertainment (such as live music, performance of plays or film exhibitions);
- Small changes to licensing hours (see below for changes that relate to alcohol);
- Revisions, removals and additions of conditions (this could include the removal or amendment of out of date, irrelevant or unenforceable conditions, or the addition of volunteered conditions).

Minor variation applications will not apply to:-

- Substantial changes to the premises;
- Varying the Designed Premises Supervisor;
- Authorising the sale by retail of alcohol;
- Authorising the supply of alcohol at any time between 23:00 and 07:00 hours;
- Authorising an increase in the amount of time on any day during which alcohol may be sold by retail.

Applications for minor variations will be determined by Licensing Officers rather than the Licensing Sub-Committee, however if representations are received that demonstrate the application will impact adversely on any of the four licensing objectives the application will be refused. Applicants are recommended to contact the Licensing Team prior to submitting a minor variation application for advice.

Applications that have been rejected under the minor variations process can then be the subject of a full variation application or of a revised minor variation application. The refusal of a minor variation does not affect any subsequent variation application in respect of the same premises.

## Licensing Fees

No refund is payable for any withdrawn or refused applications/notifications.

In accordance with the Licensing Act 2003, the full fee is refundable for minor variations if the Licensing Authority fails to determine the application within the statutory time period.

Cardiff Council will utilise its powers under the Act to suspend Premises Licences or Club Premises Certificates for non- payment of the annual fee.

Full details of Licensing Act fees can be found on the Council's website: <https://www.cardiff.gov.uk/ENG/Business/Licences-and-permits/Entertainment-and-alcohol->

## Late Night Levy

A Late Night Levy (LNL) is an optional power available to local authorities to raise a contribution towards the costs of policing the night time economy. The power was introduced through the Police Reform and Social Responsibility Act and enables the authority to charge a levy to holders of Premises Licences and Club Premises Certificates authorised to sell alcohol. A LNL must apply across the whole of the local authority area and applies to all on and off licences. Temporary Event Notices are exempt.

A LNL would require that a levy be paid by those persons who are authorised to sell alcohol between the periods specified in the LNL (the late night supply period) regardless of whether they are actually open during that period. This can be no earlier than 0000 hrs and no later than 0600 hrs and must be the same period every day.

At least 70% of the Levy must be paid to the Police and Crime Commissioner. There are no restrictions on what the police portion can be used for. The local authority's portion can be used to tackle alcohol related crime and disorder and to support management of the night time economy in line with the reduction of crime and disorder, promotion of public safety; prevention of public nuisance and street cleansing.

The implementation of a LNL is subject to public consultation and, if it is to be introduced, must be adopted at a meeting of the Council.

The Licensing Authority may deduct the costs of preparing, publicising and administering the levy (subject to regulations) before paying the police proportion, however an estimate of these costs must be published on the website.

The levy will apply indefinitely however it must be reviewed at regular intervals and may be ceased at the end of a levy year.

## Early Morning Restriction Orders

Whilst the Licensing Act 2003 introduced a simple integrated scheme for licensing premises used for the sale or supply of alcohol, regulated entertainment and late night refreshment, one of its primary purposes was to tackle problems associated with the misuse of alcohol.

It has now been recognised by Government, through statutory guidance, that longer hours were not necessarily an answer to all problems. As a result licensing authorities have been given greater discretion in their approach to the management of licensed premises in their areas. On 31 October 2012 amendments to the Police, Reform and Social Responsibility Act were implemented that allows licensing authorities to adopt new measures for the management of their night time economies.

One of these measures is an Early Morning Restriction Order (EMRO) which allows local authorities to look at restricting the sale of alcohol at a specified time between 00:00 and 06:00 hours.

EMROS are intended to deal with alcohol related crime and disorder, anti-social behaviour and serious public nuisance which is not directly attributable to licensed premises. Local authorities are encouraged to look at the relationship between their existing Cumulative Impact area, if one is in place and a proposed EMRO area.

An EMRO restricts the time within which alcohol can be supplied. Alcohol supply can be prohibited between 00:00-06:00 hours and applies to Premises Licences, Club Premises Certificates and Temporary Event Notices. There are no exceptions save that which authorise supply of alcohol to residents with overnight accommodation via minibars and room service.

Unlike the Late Night Levy, an EMRO can apply to a specific area or even single street, rather than applying to the whole local authority area. It can apply to specific days of the week, and can apply to limited periods of the year or for an unlimited period. It cannot apply on New Year's Eve/New Year's Day.

EMROs do not affect authorised hours for regulated entertainment or late night refreshment.

The adoption of an EMRO is subject to a process involving the collection and analysis of relevant evidence and a consultation exercise with the public and holders of Premises Licences and/or Club Premises Certificates. The decision to adopt an EMRO has to be taken by a meeting of the Council.

EMROs must be periodically reviewed to ensure they remain appropriate to promote the licensing objectives and can be varied or revoked via the same process as adoption.

Alcohol supplied during the time when an EMRO is in force is treated as a Section 136 offence under LA03 (unauthorised licensable activity).

### Key message

Cardiff Council has not currently adopted the late night levy or EMRO provisions, but before considering doing so will conduct a full consultation.

## Licence Reviews

The Licensing Act 2003 and associated legislation introduced a series of measures to enable the Council to deal with problematic premises. One of the most powerful of these measures was the implementation of a system of Licence Reviews.

Responsible Authorities or "other persons" can apply to the Licensing Authority for a Review of the Licence or Certificate should a matter arise at the premises in connection with any of the four licensing objectives.

Events that may trigger a Review must undermine at least one of the licensing objectives and may include, continued noise problems, underage sales of alcohol, frequent problems or disorder, allegations of crime taking place at the premises, impacts on health services (which would support other triggers).

Following receipt of a Review application, a 28 day consultation period will begin. The application will be determined by the Licensing Sub-Committee who can make the following decisions:-

- Take no further action.
- Issue a warning to the licence holder
- Modify the conditions of the Premises Licence
- Exclude a licensable activity from the scope of the Licence
- Remove the Designated Premises Supervisor
- Suspend the Licence for up to 3 months
- Revoke the Licence

In cases of serious crime and disorder at premises, the Police may apply for a summary review. On receipt of such an application, the Authority has 48 hours to determine whether any interim steps are required.

Alternatively, the police also have powers to serve a closure premises in circumstances such as serious incidents of crime, disorder, nuisance> in the case of persistent underage sales Trading Standards also have closure powers.

## 3.2 Personal Licence Applications

Any premises licensed for the sale of alcohol must specify the Designated Premises Supervisor (DPS). This person must be a Personal Licence holder.

In order to obtain a Personal Licence, the applicant must:-

- Be aged 18 or over;
- Be entitled to work in the UK. Documented evidence will be required (see application form for further details).
- Possess a licensing qualification accredited by the Secretary of State;
- Not have forfeited a Personal Licence within 5 years of his/her application;
- Produce a satisfactory 'Basic Disclosure' from Disclosure Scotland, or the results of a subject access search of the police national computer by the National Identification Service;
- Not have an objection notice from the Police about the grant of a Personal Licence following notification of any unspent relevant offence or foreign offence; or must show that such an offence should not lead to refusal on crime prevention grounds;
- Pay the appropriate fee to the Council.

Any photographs submitted with the application must be clearly endorsed on the reverse side with the person's name, date of birth and contact number in order to ensure they are correctly processed.

Applicants with unspent criminal convictions for relevant offences set out in the Licensing Act are strongly encouraged to first discuss their intention to apply for a Licence with the Police and Licensing Authority before making an application.

There is no longer a requirement to renew a Personal Licence. The licence remains valid unless it is surrendered, suspended, revoked or declared forfeit by the court. The licence will lapse if the individual ceases to be entitled to work in the UK.

The Licence is portable although changes of home address must be notified to the issuing Licensing Authority.

It should be noted that Cardiff Council may initiate legal proceedings against personal licence holders who fail to notify the Licensing Authority of changes to their personal licence such as changes in address or criminal convictions.

Cardiff Council has a discretionary power under the Policing and Crime Act 2017 to suspend or revoke a personal licence, when it becomes aware that a personal licence holder has been convicted of a relevant offence, foreign offence or immigration penalty.

### **3.3 Temporary Event Notices (TENS) and Other Events**

Certain small scale events held in unlicensed premises on an occasional basis are not required to be licensed but must be notified to the Licensing Authority at least 10 working days before the event.

Temporary Event Notices can also be used for licensable activities to take place on licensed premises outside the permissions of the Premises Licence. E.g. a pub may wish to extend the hours they can sell alcohol to cover a sporting event. It is recommended that these notifications known as Temporary Event Notices are submitted to the authority at least 28 days prior to the event to allow sufficient time for the organiser to liaise with relevant council officers and responsible authorities to ensure the event takes place with minimum problems.

Where relevant representations are received from the Police or the Council's Environmental Health Section, the matter will be referred to the Licensing Sub-Committee for a decision as to whether or not the event can take place. Where representations relate purely to the addition of conditions to the TEN which are consistent with an existing Premises Licence, a statement of conditions will be issued with the TEN by an authorised officer without the need for a Licensing Sub-Committee hearing, unless the applicant disagrees.

It should be noted that working days do not include the date the TEN was given, the first day of the event, weekends or bank holidays.

## Late Temporary Event Notices

Late TENs are intended to be used by premises users who are required for reasons outside their control to, for example, change the venue at short notice. They should not be used save in **exceptional circumstances** e.g. last minute change of venue required.

Late TENs can be given up to five working days but no earlier than nine working days before the event is scheduled and, unless given electronically to the licensing authority, must also be sent by the premises user to the Police and the Council's Environmental Health Section.

It should be noted that in case of any relevant objections to a late TEN a counter notice will be served and the event cannot take place. There is not sufficient time for a hearing of the Licensing Sub-Committee.

## 3.4 Large Scale Events

Events with a capacity of over 499 people on the premises, will require a Premises Licence if licensable activities are taking place.

Such events of a temporary or more permanent nature will generally require detailed planning and more consultation with responsible authorities and representatives of other organisations concerned with safety.

Cardiff Council operates an Events Liaison Panel consisting of various Council officers, Police, Fire and Emergency Services who provide advice and assistance to event organisers to ensure they are aware of their responsibilities and that all events run safely. It is recommended that applicants contact the Licensing and Health and Safety Services at their earliest opportunity to discuss their proposals so a decision can be made as to the suitability of the event for consideration by the Panel. Contact the Shared Regulatory Service – 0300 123 6696.

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## Responsible Authorities and making representations

### 4.1 Responsible Authorities

Responsible Authorities are public bodies that must be notified of applications under the Licensing Act 2003. All responsible authorities are entitled to make representations in respect of grant, variation and review of applications. For all premises, responsible authorities include:-

- The relevant Licensing Authority and any other Licensing Authority in whose area part of the premises is situated;
- The Chief Officer of Police;
- The local Fire and Rescue Authority;



- The relevant enforcing authority under the Health and Safety at Work etc. Act 1974;
- The local authority with responsibility for environmental health;
- The local planning authority;
- A body that represents those who are responsible for, or interested in matters relating to the protection of children from harm;
- Each local authority's Director of Public Health (DPH) in England and Local health Boards in Wales;
- The local weights and measures authority (Trading Standards); and
- Home Office Immigration Enforcement (on behalf of the Secretary of State)

## 4.2 Licensing Authority

In April 2012, the Police, Reform and Social Responsibility Act 2011 amended the Licensing Act 2003 to allow the Licensing Authority to act as a Responsible Authority in its own right.

This entitles the Licensing Authority to make representations in respect of an application, however it will do so when it considers appropriate based on individual circumstances of each situation and in accordance with its duties under Section 4 of the Act.

The Licensing Authority is unlikely to make representations on behalf of other parties such as individuals, local councillors etc, as these persons can make representations in their own right.

Similarly, the Licensing Authority will expect other Responsible Authorities to make representations on issues falling within their own remit. For example the Licensing Authority is unlikely to make representations purely based on crime and disorder as this falls within the remit of the Police.

Examples of circumstances that may cause the Licensing Authority to make representation include:-

- Where there is evidence of non-compliance with the existing Premises Licence. (In the case of variation or review applications)
- The premise is located within a 'Cumulative Impact Policy' area and the Licensing Authority is not satisfied that there will not be an adverse effect on any of the four licensing objectives.

The Licensing Authority will endeavour to interpret the wording in the applicant's Operating Schedule and proposed conditions in accordance with the applicant's intention. Such conditions will be appropriate, proportionate, realistic, timely, specific, measurable and achievable. Wherever possible there will be a clear distinction between the roles of the officer making representations and the officer preparing and presenting the report to the Sub-Committee. In practice the role of the responsible authority will be performed by officers in the Enforcement Team of the Licensing Service while the processing of applications and preparation of committee reports will be undertaken by officers in the Technical Team of the Licensing Service.

## 4.3 Local Health Board

In April 2012, the Police Reform and Social Responsibility Act 2011 amended the Licensing Act 2003 so that Local Health Boards (Wales) and Directors of Public Health (England) also became a responsible authority. In Cardiff the Local Health Board function is undertaken by Cardiff and Vale University Health Board (UHB).

Cardiff Council as Licensing Authority recognises that although public health is not a licensing objective, the UHB holds valuable information relevant to the licensing objectives. For example, violent incidents as a result of drunken behaviour in licensed premises that have an adverse effect on public safety and crime and disorder objectives.

The UHB actively monitors:

- Emergency Unit attendances
- Hospital admissions
- Last Drink Data

The UHB uses this data to contribute to the understanding of the effects, levels and patterns of alcohol consumption within the UHB area.

The UHB have advised Cardiff Council that examples of circumstances in which that may wish to make representations include:-

- New applications
- Applications for review or variation when:-
  - An existing licensed premise is perceived not to be promoting the licensing objectives, or,
  - When there is information to suggest non-compliance with an existing Premises Licence
  - Proposed changes to licensable activities that could have a detrimental effect on one or more of the licensing objectives
- The premise is situated within a “Cumulative Impact Policy” area, where the UHB believes that there will be an adverse effect on any of the licensing objectives.

The UHB have advised Cardiff Council that they will use information from the UHB and wider sources including Alcohol Treatment Centre and Emergency Department to monitor and inform the Licensing Authority of any activity that is causing concern and use the information to make representation where appropriate.

#### 4.4 Home Office

Since 6<sup>th</sup> April 2017 the Home Office Immigration Enforcement (on behalf of the Secretary of State) has become a responsible authority under the Licensing Act 2003. The Home Office is concerned with the prevention of illegal and broader immigration offences so will exercise its powers in respect of the crime and disorder licensing objective.

#### 4.5 Other Persons representations

The Licensing Act 2003 allows any “other person” to make representation about a licensing application provided that it is relevant to one or more of the licensing objectives.

“Other persons” means any individual, body or business affected by the operation of licensed premises regardless of their geographical location. The term also includes local councillors who can make representations in their own right or on behalf of a named other person such as a resident or local business if specifically requested to do so.

## 4.6 Making representations

Responsible authorities, other persons or organisations representing them, may make relevant representations. In doing so they should state whether they are making the representation on their own behalf or on behalf of another person. **The representation should clearly state the grounds of the representation which should relate to at least one of the following licensing objectives:-**

- **The prevention of crime and disorder;**
- **Public safety;**
- **The prevention of public nuisance;**
- **The protection of children from harm.**

Representations that do not relate to the licensing objectives or those that are repetitious, frivolous or vexatious will be rejected. Representations will also be rejected if they do not relate directly to the application, for example; where a variation application is submitted the representation must relate to the change being requested.

Whether another premises is needed or not, or the potential that house prices or traffic could be effected is not a relevant representation and therefore cannot be considered by the Licensing Authority.

It should also be noted that any evidence submitted in support of a representation could be deemed irrelevant if it cannot be linked positively to the particular premises.

## 4.7 Anonymous representations and petitions

Full details of all representations including the name and address of the person making the representation must be made available to the applicant, however the Licensing Authority may consider withholding personal details in exceptional circumstances which justify such action.

In general, if a person wishing to make representation prefers to remain anonymous to the applicant, they may ask their local councillor to make representation on their behalf. In these circumstances, the Councillor will be asked for the details of the person in order to satisfy the Council that they are entitled to comment on the application, however they will not be passed on to the applicant.

Personal details will be anonymised from representations on documents in the public domain such as the Licensing Sub-Committee reports. Full details, however, including name and address of all relevant representation will be supplied to the applicant and/or the applicant's representative.

Any petitions received will be treated as one representation from the person sending it in, supported by the other signatories. Petitions will not be treated as individual representations from everyone who has signed.

## **5** Decision making and delegation of functions

### **5.1** Decision making

The Licensing Authority will strive to make all decisions required in a manner consistent with the Licensing Act 2003, the Guidance issued under Section 182 of the Act and this Statement of Licensing Policy.

The overriding principle adopted by the authority will be that each application will be determined on its merits.

Where relevant representations are received about an application, a hearing will be held unless the Licensing Authority, the applicant and everyone who has made representations agree that a hearing is not necessary. Applicants and those making representations should seek in advance of any hearing to try and reach agreement or narrow the areas in dispute, particularly where both are professionally represented.

In certain circumstances, applications may be rejected or following the receipt of representations, the authority may use its discretion to impose conditions on the licence to further the licensing objectives.

Licence conditions will be tailored to the individual application and only those considered appropriate to meet the licensing objectives will be imposed. Licence conditions will not be imposed where other regulatory regimes provide sufficient protection, for example Health and safety at work, fire safety legislation etc.

The Licensing Authority will also take into account when making its decision that licensing law is not the primary mechanism for the general control of nuisance and anti-social behaviour, especially once individuals have left licensed premises and are therefore beyond the direct control of licensees. However, when making a decision, the authority will focus on the direct impact of the activities taking place on the licensed premises on members of the public living, working or engaged in normal activity in the area concerned.

The 'need' or demand for a licensed premises of any kind or the commercial damage that competition from a new licensed premises would do to other licensed premises in an area will not be matters that the authority will consider when discharging its decision making function.

In determining applications, the Licensing Committee has delegated its functions to the Licensing Sub Committee(s) and appropriate officers in approved cases. This is in the interests of speed, efficiency and cost effectiveness.

In the majority of hearings a summary of the decision will be given verbally on the day. A full written decision notice will be provided to the applicant and anyone who has made a relevant written representation within 5 working days of the hearing; this will include details on how to appeal a decision.

## 5.2 Conditions

The Licensing Authority cannot impose conditions of its own volition. Conditions will only be attached in the following circumstances:-

- Mandatory conditions under the Licensing Act 2003 or introduced by regulation under the Act which will have effect in all circumstances regardless of if they appear on the Licence.
- If they are consistent with the applicant's operating schedule, or agreed/offered by the applicant during the application process.
- When considered appropriate, reasonable and proportionate after relevant representations have been received and not withdrawn.

The Licensing Authority will strive to ensure that only proportionate and reasonable licensing conditions are imposed as appropriate for the promotion of the licensing objectives and will avoid imposing conditions that overlap or duplicate controls provided in other relevant legislation e.g. the Regulatory Reform (Fire Safety) Order, Health and Safety at Work etc. Act 1974, etc.

All sets of conditions attached to licences and certificates will be tailored to the individual application. When determining the appropriate set of conditions the Licensing Authority will focus primarily on the individual style of the premises and the licensable activities proposed.

Conditions will usually be volunteered by the applicant. However, where representations are made by responsible authorities and other persons the Licensing Authority is not restricted to these conditions and may impose other conditions where appropriate. It is recommended that responsible authorities consider the following when drafting suggested conditions:

- The size, nature and style of operation
- Whether the premises is part of a multiple operator's chain and therefore more likely to have an operating schedule that is tried and tested
- The cumulative effect of conditions in terms of cost and practical implementation
- The likely cost of the condition(s) for the operator

- Whether a simpler or better way of dealing with a perceived problem could be found
- Whether there is an actual risk of undermining an objective, as opposed to a conceivable risk. In the latter case, there is no need for the condition
- Whether the condition will be enforceable, if it is not specific or could be considered subjective it may not be enforceable
- Compliance with General Data Protection Regulations (GDPR)

When a variation application is submitted it is expected that any conditions offered by the applicant or requested by Responsible Authorities or other persons should be tailored to the applicant's proposals i.e. the change.

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## 5.3 Delegation of Functions

In the interests of speed, efficiency and cost-effectiveness, licensing functions are carried out as shown in the table below:-

Matter to be dealt with:	Full Committee	Sub-committee	Officers
Licensing Policy issues	All cases		
Personal Licence application		If relevant representation made	If no relevant representation made
Personal Licence application with unspent convictions		All cases	
Premises Licence/Club Premises Certificate application		If relevant representation made	If no relevant representation made
Provisional statement application		If relevant representation made	If no relevant representation made
Variation Premises Licence/Club Premises Certificate application		If relevant representation made	If no relevant representation made
Application to vary Designated Premises Supervisor		If a police objection made	All other cases
Request to be removed as Designated Premises Supervisor			All cases
Application for transfer of Premises Licence		If police objection made	All other cases
Applications for Interim Authorities		If police objection made	All other cases
Application to review Premises Licence/Club Premises Certificate		All cases	
Decision on whether a complaint is irrelevant frivolous vexatious etc.			All cases
Decision to object when local authority is a consultee and not the relevant authority considering the application		All cases	
Determination of objection to a Temporary Event Notice		All cases	
Determination of application to vary Premises Licence at community premises to include alternative licence condition		If a police objection made	All other cases
Decision whether to consult other responsible authorities on minor variation application			All cases
Determination of minor variation			All cases

# 6

## Enforcement, Agency Integration and other relevant legislation

### 6.1 Enforcement and Agency Integration

Cardiff Council as the Licensing Authority will work closely with other agencies to address relevant issues associated with the licensing regime. Other mechanisms will also be utilised that sit outside the licensing regime such as working in partnership with local businesses, transport operators and other departments of the local authority to create a safe and clean city centre environment.

The Licensing Authority will work with Police to identify and target those premises that pose a high risk to the achievement of the licensing objectives. Every effort will be made in enforcing the law concerning disorder and anti-social behaviour. This may include the issue of fixed penalty notices where permitted, the prosecution of any Personal Licence holder or member of staff at premises selling alcohol to people who are drunk and the confiscation of alcohol from adults and children in designated areas. The Police have powers to close down instantly, for up to 24 hours, any licensed premises or temporary event on grounds of disorder or the likelihood of disorder or excessive noise emanating from the premises.

Since April 2017, the Home Office Immigration Enforcement have become a responsible authority under the 2003 Act, and individuals applying for a personal licence or premises licence must demonstrate that they are entitled to work in the UK.

The Licensing Authority will work with Immigration Enforcement Officers to ensure compliance with the relevant legislation concerning the prevention of illegal working and the promotion of the Licensing Objectives.

In cases of nuisance caused by anti-social behaviour linked to licensed premises, the Police, other responsible authorities and local residents or businesses are able to seek a review of the licence or certificate in question. In determining a Review, the onus will be on those seeking a review to provide the evidential base on which decisions will be made. Prior to application for a Review the Licensing Authority would encourage dialogue between all parties to establish whether a satisfactory resolution could be met.

Where enforcement action is taken it will be in accordance with the principles of the Shared Regulatory Services' Enforcement Policy which is available on the [Shared Regulatory Services Website](#). Inspection regimes will be risk based on an assessment of the individual premises based on the licensing objectives.

Cardiff Council has established protocols with the local police, local authority Pollution Control, Health and Safety and Trading Standards Services, University Health Board and Fire Authority on enforcement issues to provide a more efficient deployment of officers commonly engaged in enforcing licensing law and the inspection of licensed premises. These protocols will target agreed problem and high risk premises, while providing a lighter touch in respect of low risk



premises. The production of internal protocols also reduces the possibility of duplication by the various regulatory bodies operated by Cardiff Council and builds a local approach.

Arrangements are in place for the sharing of information between the Licensing Authority, planning committee and transport providers to aid the dispersal of people from the City Centre swiftly and safely to avoid concentrations that produce disorder and disturbance.

Arrangements are also in place for Licensing Committee to receive reports on the local tourism economy, the employment situation, appropriate health issues including observations submitted by the local Accident and Emergency Department, and other relevant cultural matters for the area. Such arrangements ensure that tourist, employment and cultural policies are reflected in the Licensing Committee's considerations.

## 6.2 Other relevant legislation and strategies

In carrying out its functions, the licensing authority will meet its statutory responsibilities under other relevant legislation. For example, the Equality Act 2010 places a legal obligation on public authorities to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity and to foster good relations between persons with different protected characteristics. These protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Cardiff Council recognises and embraces the diversity within the City and aims to ensure that nothing within this Statement of Licensing Policy or in the day to day role of the Licensing Authority discriminates against any group within the community. There are a number of Council and Government strategies and policies that complement the authority's licensing policy such as:-

- Shared Regulatory Services' Enforcement Policy
- [Regulatory Compliance Code](#)
- Crime and Disorder Reduction Strategy
- Community Safety Strategy
- Drugs and Alcohol Strategies
- [Planning policies and supplementary guidance](#)
- Arts, Cultural and Tourism Strategies
- Objectives of the Private [Security Industry Authority](#)

'Equality making the difference in Cardiff' – [Cardiff Strategic Equality Plan](#)

## 6.3 Provision of Services Regulations 2009

The Regulations require that all notices and authorisation in scope be able to be completed electronically and via a "single point of contact" which in the UK, is the Electronic Application Facility, part of the [www.gov.uk](http://www.gov.uk) website.

The electronic application process relates to all regulated activities under the 2003 Act and to most authorisations and notices with the exception of Personal Licence applications, Licence Reviews and representations to licence applications. Further information on the application

process is provided in the Guidance issued under Section 182 of the Licensing Act 2003 by the Home Office. It should be noted that the Guidance is regularly updated and therefore references to the above paragraphs may change through the life of this Policy. You are therefore advised to contact the Home Office for the latest version of the Guidance before submitting any application. The 'apply online' process is available through [www.gov.uk](http://www.gov.uk) website but can also be accessed through the relevant licensing web pages on Cardiff Council's website [www.Cardiff.gov.uk/licensing](http://www.Cardiff.gov.uk/licensing).

## 6.4 Planning

The Planning and Licensing regimes are separate. The Licensing Committee are not bound by decisions made by the Planning Committee and vice versa. Licensing Committee matters will always be subject to consideration of the four licensing objectives, whereas Planning Committee matters are subject to different considerations.

Notwithstanding this, the Licensing Authority will keep the Planning Authority informed of all its actions, so applicants are recommended to obtain appropriate planning permission to avoid any unnecessary delays.

The Licensing and Planning authorities are responsible for enforcing conditions attached under their respective licences and consents. Where the terminal hours for the operation of premises is stated on a planning consent, but differs from that specified on the licence, the licence holder must observe the earlier closing time to operate legitimately.

Within this Statement of Policy there are several key factors that have been identified to ensure that all licensed premises promote the licensing objectives and have a positive impact in the area they are located. The key factors are:-

1. What Cardiff Council, as the Licensing Authority aims to encourage
2. Operating Schedules
3. Licensing Hours
4. Promoting the Licensing Objectives:-
  - Prevention of crime and disorder
  - Prevention of public nuisance
  - Public Safety
  - Protection of children from harm
5. Negative Cumulative Impact

### 7.1 What this Policy aims to encourage

Cardiff has seen much improvement over the years with the redevelopment of Cardiff Bay, the construction of the St David's 2 Shopping Centre and general improvements made to the City Centre. The City now includes a wider range of licensed premises that cater for various types of clientele.

With future developments planned such as the Central Square Scheme and Cardiff Capital Region, the aim is to ensure that Cardiff's licensed economy plays a part in the enhancement of Cardiff and continues to thrive with a mix of desirable premises operating in a safe environment.

#### Key message

Applications are encouraged from the following types of premises:-

- Those that will extend the diversity of entertainment and attract a wider range of customers, with less emphasis on high consumption of alcohol.
- Family-friendly venues where people with children can attend.
- Restaurants and cafes with or without alcohol.
- Outside the City Centre - predominantly seated premises with a focus on local community.

#### Key message

Premises with little seating that primarily offer high volume vertical drinking are largely considered less desirable due to the levels of alcohol related crime and disorder associated with these type of premises.

An Operating Schedule must accompany any application for the grant, provisional statement of variation of a Premises Licence detailing how the premises is going to be operated and the steps that the operator intends to take to promote the licensing objectives.

The proposals contained in the Operating Schedule will form the main body of conditions attached to a Licence if granted, together with any mandatory conditions, any conditions agreed with responsible authorities during the application process and any conditions imposed by the Licensing Sub-Committee where representations have been made.

The Operating Schedule must be set out on the prescribed form and include a statement of the following:-

- Full details of the licensable activities to be carried on at, and the intended use of the premises;
- The times during which the licensable activities will take place;
- Any other times when the premises will be open to the public;
- If the Licence is only required for a limited period, that period;
- If the licensable activities include the supply of alcohol, the name and address of the individual to be specified as the Designed Premises Supervisor;
- Whether alcohol will be supplied for consumption on or off the premises, or both;
- How the applicant proposes to promote the licensing objectives.

*NB. For some premises, it is possible that no measures will be appropriate to promote one or more of the licensing objectives, for example, they are adequately covered by other legislation.*

An Operating Schedules should be detailed enough to enable the responsible authority, members of the public and the Licensing Authority to assess whether the proposed steps are sufficient to ensure the licensing objectives are promoted and should :-

- Be precise and enforceable;
- Be unambiguous;
- Not duplicate other statutory provisions;
- Be clear in what they intend to achieve; and
- Be appropriate, proportionate and justifiable.

It is more likely that representations will be received about an application if it does not include sufficient information within its Operating Schedule. It is expected that in the case of applications that fall into a Cumulative Impact Policy areas that the applicant addresses the implications of cumulative impact in their Operating Schedule.

### Key message

- It is expected that all applicants identify within their Operating Schedules, clear, suitable measures to promote the licensing objectives taking into consideration the area in which the premises is situated, and address the other 'key factors' contained in this policy.

It is recognised that in some circumstances flexible licensing hours can help to avoid concentrations of customers leaving premises at the same time. Where representations are received, stricter conditions relating to noise control may be necessary in sensitive locations such as residential areas. Limits to opening hours will not be implemented without proper regard to the individual merits of an application and the representations received.

There will be a presumption that the licensing hours requested by an applicant will be granted unless there are relevant objections opposing those hours. Such cases will be determined on their individual merits ensuring any imposed restrictions are appropriate in relation to the licensing objectives.

When applying for later licensing hours, applicants are recommended strongly to demonstrate how the licensing objectives (in particular the prevention of public nuisance) will be met within their Operating Schedule.

Within Cardiff, there are very few solely commercial areas within Cardiff, with residential dwellings commonly located above and next to licensed premises situated outside the City Centre. Generally in most areas of Cardiff, ambient noise levels fall significantly after 23:00 hours but noise even from well behaved customers leaving licensed premises late at night, can disturb residents especially during the working week. As a consequence what would be acceptable in the City Centre where there are fewer residents would not be acceptable in heavily populated residential areas. In some areas, applicants may have to consider imposing an earlier terminal hour to reduce the adverse impact. Without this terminal hour the applicant risks representations being made against the application (especially by the Police and Environmental Health Service) and later applications for Review of the Premises Licence.

See Key factor 7.4c: Prevention of Public Nuisance for further information.

### Key message

- It is expected that shops and supermarkets that provide alcohol sales off the premises will do so at any time when the retail outlet is open to the public unless there are reasons relevant to the licensing objectives to restrict those hours.
- In terms of applications for premises that provide alcohol sales for consumption on the premises, it is suggested that the opening hours are determined to incorporate a period of 'drinking up time' which would normally be 30 minutes.

## 7.4 Promotion of the Licensing Objectives

The Licensing Authority when carrying out its functions and exercising its powers will aim to promote the licensing objectives at all times. In promoting these licensing objectives, the authority aims to encourage a safe crime free environment where everyone can enjoy the full range of leisure activities offered.

The Licensing objectives are:-

- The prevention of crime and disorder
- Public Safety
- The prevention of Public Nuisance
- The protection of children from harm

The licensing objectives are the main focus for the sub-committee when determining an application and when considering the need for conditions.

In furthering the licensing objectives, the authority will also use its powers under the Licensing Act to promote them using a broader range of powers including planning controls, transport controls, crime and disorder policies and pollution controls.

When an application could adversely impact on one or more of the licensing objectives, the public and businesses have the right to make representations against the application. Representations are vital for the full consideration of applications and notices and detailed consideration will be given to all relevant representations received. This will not include those that are frivolous, vexatious or repetitious.

In addition to making representations, there is nothing in this Policy that would prevent affected parties from utilising their powers to seek a Review of an existing licence or certificate where necessary.

The Licensing Authority has entered into partnership arrangements with the Police, Fire Authority and other responsible authorities to further promote the licensing objectives via the Representation and Review system created by the Licensing Act 2003.

## **7.4A Prevention of Crime and Disorder**

Under the Crime and Disorder Act 1998, the Council must exercise its functions having regard to the likely effect on crime and disorder in its area, and must do all it can to prevent crime and disorder.

The Licensing Authority will therefore seek to promote the licensing objective of 'prevention of crime and disorder' where appropriate in a manner that supports crime reduction strategies and schemes aimed at reducing crime and promoting public safety.

The Licensing Authority will normally look to the Police as the main source of advice on crime and disorder and applicants are therefore recommended to seek advice from South Wales Police on what steps they can take to promote the prevention of crime and disorder. Operating Schedules should include the measures intended to be deployed in preventing crime and disorder.

Licence holders should have clear documented policies and procedures in place which identify all crime and disorder risks associated with their premises together with the measures to be implemented to prevent, manage and respond to those risks. Relevant factors that may be taken into consideration (where appropriate) when formulating these plans could include:-

- Provision and maintenance of CCTV systems –such systems should be fully compliant with data protection legislation. See the Information Commissioner’s Office website for further details: [www.ico.org.uk](http://www.ico.org.uk)
- Staff training with regards to crime prevention measures and conflict management
- Use of security radios
- Provision of door staff licensed by the Security Industries Association
- Measures to verify customers age
- Use of external lighting (although care should be taken to avoid light nuisance to neighbours)
- Membership of a recognised pub watch scheme
- Restricting sales of alcohol with the provision of food
- Measures employed to prevent the consumption and/or supply of illegal drugs and new psychoactive substances
- Frequent staff briefings
- Effective door policies including search policies, managing capacities, managing queuing, ejection/refusal procedures
- The use of plastic or polycarbonate drinking vessels instead of glass for instances during major events in Cardiff
- Clearly displayed door admission policies – including age restrictions dress codes
- Dispersal policies.

Please note that the above measures are examples only to assist and guide applicants when drafting their operating schedules in respect of their application. This list is not exhaustive and will not be used by the Licensing Authority to create standard conditions. All applications are considered on their own individual merits.

## Off- Sales of alcohol

Cardiff Council has implemented a Public Space Protection Order (PSPO) (throughout Cardiff to help prevent numerous problems caused by public consumption of alcohol. Street drinking can be a major cause of anti-social behaviour, often involving underage persons, giving rise to disorder, concerns over public safety and harm to children. Furthermore, consumption of alcohol by persons on the way to on-licensed premises could give rise to problems of drunken and disorderly behaviour. The problems of street drinking are generally worse within the City Centre.

Designation as a controlled drinking zone under a PSPO provides the police with powers to require a person in such areas not to drink alcohol and to surrender any alcohol or alcohol

containers (other than sealed containers) in their possession. The ban has no effect on a properly licensed event where the consumption of alcohol is permitted by the licence, for example a licensed event within a park. While it is not an offence in itself to drink alcohol in a designated area, failure to comply with an officer's requirements in respect of public drinking or to surrender open vessels of alcohol without reasonable excuse, is an arrestable offence.

Careful consideration will be given to applications for licences with off-sales of alcohol in areas where there is evidence of problems of street drinking or disorder. Where representations are received in respect of such applications the Sub-Committee must be satisfied that granting the licence will not have a negative effect on any of the licensing objectives.

Applicants are advised to give particular consideration to the hours that they are applying for and the type of alcohol products they are offering. Persons who are alcohol dependent may be drawn to particular premises if they are licensed to sell alcohol at earlier/later times than other nearby premises.

### Drinking Vessels

In the City Centre or in areas close to large sporting venues, it may be necessary for licensees to implement restrictions on the types of drinking containers used in the interest of the licensing objectives. Such restrictions should be listed in the Operating Schedule when an application is made, however no restriction should compromise trading standards.

Glasses and glass bottles containing drinks may be used as weapons during incidents or disorder, inflicting serious harm. Consideration should be given to the use of non-glass vessels particularly on 'major event' days when there is an increased capacity in the city. South Wales Police publish details of Cardiff's major event days on the website [www.ourbobby.com](http://www.ourbobby.com).

Suitable conditions can help reduce both harm and disorder and prevent persons from seeking to review a Licence. The Government believes that a risk-based, rather than a blanket approach in requiring licensed premises to use safer alternatives is the best way to tackle the problem of glass-related injuries.

#### Key message

Risk based consideration should be given to the use of non-glass drinking vessels, especially in the City Centre on days designated as 'Major Events' by South Wales Police.

### Discounting and Sales Promotions

The inappropriate use of discounted drinks and sales promotions in premises licensed for the sale of alcohol has the potential to promote drunkenness and disorder. Applicant's and Licence Holders are therefore encouraged to adopt locally or voluntary industry Codes of Practice to minimise problems of crime and disorder arising from irresponsible discounting of drinks and sales promotions.



It is a mandatory condition that irresponsible drinks promotions are not carried out, where that promotion is carried on for the purposes of encourage the sale of alcohol on the premises.

### **‘Traffic Light System’**

The ‘Traffic Light System’ addresses alcohol related crime and disorder in licensed premises by taking account of data from Police and health service sources and categorising premises according to objective evidence. The system provides a management tool in reducing crime and disorder and has been agreed by all parties including the Cardiff Licensees Forum.

The ‘Traffic Light System’ exploits a data sharing protocol between the Safer Capital partnership and the University Hospital of Wales/NHS Trust who together provide detailed information on the time, place and nature of alcohol related crime and disorder.

Pubs and clubs in Cardiff City Centre are graded according to their size, location and capacity and are subsequently split into three categories, small, medium and large. Data on alcohol related crime and disorder are analysed on a monthly basis taking into account data from the previous six months. Points are allocated as set out below. The total number of incidents for each venue places the premises into a red (immediate action), amber (monitor closely), green (no concerns) category.

If a premise is found to be in the RED ZONE, they are assigned a dedicated licensing officer who meets with the premises management to draw up a specific, measurable, achievable, realistic and time framed (SMART) action plan that will seek to improve the premises promptly. Improvements are carefully monitored and the points system is used as an outcome measure together with compliance of the action plan. Lack of demonstrable improvement in safety levels results in enforcement action taken against the Designated Premises Supervisor.

In cases where there is no improvement and any of the licensing objectives are not being promoted, the premises may be referred for consideration to the Licensing Sub-Committee by way of a Review application.

### **7.4B Public Safety**

Applicants are expected to have regard to the layout and intended use of their premises, and provide details of how they plan to ensure the safe use of their premises and promote the public safety objective within their Operating Schedule.

Applicants are legally responsible for complying with a range of legislation relating to public safety, such as the Health and Safety at Work Act 1974, the Regulatory Reform (Fire Safety) Order 2005 and conducting suitable and sufficient risk assessments of their activities under both. Since the Regulatory Reform (Fire Safety) Order 2005 came into force in 2006, any conditions imposed by the Licensing Authority that relate to any fire safety requirements or prohibitions that are or could be imposed by the Order, automatically cease to have effect.

Failure to comply with the provision of the Regulatory Reform (Fire Safety) Order 2005 or any other Health and Safety legislation could have a negative effect on the public safety objective, prompting representations from the relevant responsible authorities. It is therefore

recommended that applicants seek appropriate advice on public safety matters prior to operating the premises or before implementing variations.

Such relevant factors that may be taken into account can include:-

- Emergency access
- Facilities for disabled people, in particular in emergency situations
- Provision and levels of general and emergency lighting
- Checks on equipment at specific intervals
- Use and ratio of door staff
- Steps taken to manage the risks from glass, e.g. Use of bins, type of drinking vessel, glass collectors etc.
- Measures taken to prevent overcrowding, e.g. Recording customer numbers
- Seating arrangements, e.g. Specified number/floor area used for seating
- Suitable internal and external lighting especially on stairs and entry/exit routes
- Comprehensive staff training in areas such as first aid, fire safety procedures, evacuation procedures, security threats, overcrowding
- Any other measures considered appropriate to promote the licensing objective of public safety.

Please note that the above measures are examples only to assist and guide applicants when drafting their operating schedules in respect of their application. This list is not exhaustive and will not be used by the Licensing Authority to create standard conditions. All applications are considered on their own individual merits.

The Licensing Authority may also consider it appropriate in terms of public safety and disorder to impose a condition stating the maximum capacity of premises in circumstances where relevant representations have been received and a safe capacity has not been imposed through other legislation.

### Key message

The Licensing Authority does not seek to duplicate requirements of other health and safety legislation, but it may consider steps to promote public safety where it is considered appropriate and when relevant factors/risks are not adequately addressed by other legislation

## 7.4C Prevention of Public Nuisance

Applicants are expected to have regard to their proximity to residential properties or other business premises and how they intend to promote the licensing objective of prevention of public nuisance within their Operating Schedules.

There are very few solely commercial areas within Cardiff. Residential dwelling are commonly located above and next to licensed premises outside the City Centre. Problems may present themselves from premises located both in the main shopping areas of the City and also in residential areas that may require special consideration with regard to noise and nuisance.

Leisure and entertainment activities have become an accepted part of modern life, employing many people and adding vitality to commercial areas. They are vital to a thriving and successful society, and to the economic wellbeing of the City. All too often however, anti-social behaviour problems experienced within the City are linked to the late night element of the industry which can contribute significantly to the fear of crime, economic deprivation and a loss of pride in the local area. The Licensing Committee must be mindful of these factors and seek to ensure that a fair balance is struck between the provision of facilities and the possibility of nuisance being caused.

The Licensing Authority considers that applications for late night bars, nightclubs and vertical drinking establishments would not usually be accommodated in residential areas due to the likelihood of disturbance.

Noise and nuisance arising from the operation of licensed premises will be considered. This will include not only the type of licensable activity taking place, for example, the playing of music, but also other wider issues that may cause disturbance such as patrons leaving the premises, either on foot or by car, or the disposal of refuse which must be carried out at reasonable time.

Operators should take particular care to ensure that customers using external drinking areas, smoking areas or the pavement outside, do not cause unnecessary nuisance to local residents. It is suggested that the terminal hour for external areas that are in close proximity to residential properties does not exceed 21:00hrs.

Careful consideration should also be given to determining suitable external areas for smoking. Ideally designated smoking areas should be sited at the furthest distance from residential properties and cigarette bins should be provided. Furthermore operators should also ensure as far as possible that large numbers of their customer do not block pavements, thereby causing pedestrians to step out into the roadway.

Where off-sales of alcohol and/or takeaway food sales are permitted at a licensed premises, operators should recognise their responsibility to ensure that litter discarded by their customers in the vicinity of their premises is cleared away regularly and that bins are provided.

Existing licensed premises do in the main, cause few problems of noise and nuisance while operating at their existing hours. However, leisure and entertainment premises that wish to apply for longer licensing hours for the sale of alcohol and public entertainment may be most appropriately located in:-

- The City Centre

- Inner Harbour (Mermaid Quay area), Cardiff Bay.

Applications for Premises Licences may also be acceptable in other commercial or business areas, depending upon the character of the area and whether there are residential properties nearby.

In order to avoid representations being made it is in the interests of applicants to propose stricter conditions with regard to nuisance control for licensed premises in areas that have denser residential accommodation within their Operating Schedules.

Licence Holders should have clear documented policies and procedures in place that identify all public nuisance risks associated with their premises together with measures implemented to prevent, manage and respond to those risks. Licence holders should also engage with local residents and businesses on a regular basis to ensure that they are being good neighbours and deal with problems as they arise.

Relevant factors and considerations that may be taken into account when formulating such policies, procedures and operating schedules include:-

- Use of soundproofing measures to reduce noise and vibration emanating from the premises. Such measures may include the installation of an acoustic lobby, air conditioning, keeping windows and doors closed, sound limitation devices
- Restricting entertainment in external areas
- Suitable customer signage
- Steps taken to prevent noise from customers arriving/leaving the premises by foot or in vehicles which may include consideration of customer parking, taxi arrangements, dispersal arrangements etc.
- Measures taken to prevent and manage queuing
- Proximity to noise sensitive premises such as residential properties, nursing homes, hospices, places of worship
- Arrangements for deliveries or waste collections and the positions of areas used
- Consideration of noise reduction measures and a suitable terminal hour if external areas of the premises are in close proximity to residential properties Consideration should also be given to the position, volume and hours of use of external speakers or TVs.
- Position and hours of use of external areas such as beer gardens and the provision of smoking areas
- Use and siting of external lighting and security lighting in respect of neighbouring properties
- History of previous noise complaints, whether there are existing problems, and the applicant's willingness/ability to prevent nuisance
- Positioning of litter and bottle bins and frequency of emptying the bins, including the disposal of cigarette litter
- Steps taken to prevent fly posting and the distribution of flyers
- Removal of graffiti
- Implementation of customer dispersal policies
- Other relevant activities likely to give rise to nuisance

The above measures are examples only to assist and guide applicants when drafting their operating schedules in respect of their application. This list is not exhaustive and will not be used by the Licensing Authority to create standard conditions. All applications are considered on their own individual merits.

Applicants may wish to consult their staff, customers, local residents, local businesses, the Police and the Pollution Control Service of the Council before finalising their Operating Schedules.

It is recommended that applicants also read Section 3.1 in respect of the deregulation of regulated entertainment. Premises Licence conditions will not apply during performance of unregulated entertainment

## Outdoor events

A number of outdoor events take place in Cardiff every year. These include concerts, fetes and sporting events which are enjoyed by communities and visitors to the City. It is important to ensure that these events benefit local communities but at the same time do not cause nuisance to nearby residents.

If an event requires a Temporary Event Notice or a Premises Licence, applicants are recommended to discuss the event with Environmental Health and South Wales Police Licensing Team.

Larger events may need consideration by the Council's Events Liaison Panel to ensure all aspects of the event have been considered and the event takes place safely without causing nuisance.

When managing noise at outdoor events, operators should consider the following:-

- The position and direction of external speakers/PA equipment in respect of residential properties
- The operating hours of the event
- The hours of construction and de-rig of any equipment such as marquees, stage, etc.
- Undertaking background noise surveys prior to the event and setting appropriate noise levels. This may include consideration of the Code of Practice on Environmental Noise Control at Concerts
- Whether expert advice from an acoustic consultant is required
- Details of any noise monitoring to take place during the event and corrective action where agreed levels are exceeded
- The location and hours of use of any plant equipment such as generators
- The location of lighting in respect of residential properties
- The provision and location of waste bins and arrangements for collection
- Communication with local residents and businesses.
- The use of fireworks/outdoor displays and the potential impact on local residents
- Providing contact details to the Pollution Control Section in case of any complaints so that they can possibly be rectified at the time.

## 7.4D Protection of Children from Harm

In carrying out its duty to protect children, the Licensing Authority has determined that the responsible authority for the protection of children is Cardiff Council's Children's Services.

The Licensing Authority believes that the admission of children to any premises should remain a matter of discretion for the licence holder and as such will not impose conditions requiring such admission. It will however encourage the provision of facilities for children and family friendly policies in licensed premises in accordance with the requirements of the Act.

The Authority will also not seek to limit the access of children to any premises unless it is necessary for the prevention of physical, moral or psychological harm to them.

The Licensing Authority would expect additional measures or may impose additional conditions to protect children where:-

- Any member of the current staff is convicted of serving alcohol to minors, or
- The premises has a known association with drug taking or dealing;
- A strong element of gambling (other than by way of amusement with prize machines) takes place on the premises; or
- Where entertainment of an adult or sexual nature is commonly provided; or
- Where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the service provided

In these circumstances, it is likely that a combination of limitations will be imposed, rather than a complete ban. These could include a limitation on the hours when children may be present, age limitations and restrictions or conditions requiring an accompanying adult and exclusion of children (under 18s) from certain parts of the premises during certain activities.

Competent adult supervision is required at any regulated entertainments attended by unaccompanied children, such as under 18s nights in nightclubs. In addition to any parents present, a sufficient number of attendants must be employed to control the access and egress of children and to protect them from harm. Where children attend as entertainers, there should be a responsible adult present.

For the purposes of this Statement, an attendant is any competent adult person employed or engaged either individually or through an agency, by the licensee, to control access to the regulated entertainment to assist children entering or leaving the premises and to maintain good order and decent behaviour within and in the vicinity of the premises. Attendants who are not registered with the Security Industry Authority may only be used with the written permission of the Licensing Authority.

There is an expectation that licensees implement effective and appropriate measures to ensure age restrictions are enforced at their premises. Relevant considerations include:-

- Details of the forms of ID that are acceptable
- The use of till prompts
- The maintenance of refusal logs

These measures should be backed up by the provision of comprehensive documented staff training.

The Portman Group operates on behalf of the alcohol industry, a Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks. The Code seeks to ensure that drinks are packaged and promoted in a socially responsible manner and only to those who are 18 years old or older. The Licensing Authority commends the Code to all applicants and licence holders.

## Exhibition of films

Where the exhibition of films is permitted, the authority will expect the mandatory conditions imposed by the Act to be complied with and age restrictions to be in place in accordance with the British Board of Film Classifications. Only in exceptional cases will variations of this general rule be considered by the Licensing Authority.

Requests for certification of unclassified films should be made to the Licensing Authority at least 28 days in advance of the proposed screening date. Requests should include:-

- A DVD copy of the film
- Details of any existing classification issued by an existing classification body, whether within or outside the UK
- A synopsis of the film identifying the material within the film considered by the exhibitor to be likely to have a bearing on the age limit for the audience for exhibition of the film.
- Any recommendation made by the film maker upon age limit for the intended audience for exhibition of the film.
- Proposal of age restriction by the applicant.

The Licensing Authority shall concern itself primarily with the protection of children from harm when classifying films.

## 7.5 Negative Cumulative Impact

Cumulative impact is defined in the Guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003 as “the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area The cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for a Licensing Authority to consider in developing its licensing policy statement”.

The cumulative impact of the number, type and density of premises in particular areas such as the City Centre may lead to them becoming saturated with premises of a certain type, making them a focal point for large groups of people together leading to severe or chronic problems of crime and disorder, public nuisance, anti-social behaviour, and matters relating to public

safety.

In relation to applications for the grant or variation of a Premises Licence or Club Premises Certificate the Licensing Authority will consider representations from other persons and responsible authorities stating that they believe that the premises will give rise to a negative cumulative impact on one or more of the licensing objectives. The onus will be on the individual or organisation making such a representation to provide an evidential basis for it.

Furthermore, the Section 182 Guidance allows the Licensing Authority to make a policy, within its Statement of Licensing Policy, to deal with cumulative impact. Where there is evidence that the number of licensed premises in an area has had a negative cumulative effect upon crime and disorder, public nuisance, and public safety, the Licensing Authority will consider making a Cumulative Impact Policy (CIP). It will make such a Policy only after it is satisfied that there is evidence to support it.

A Cumulative Impact Policy has been made in Cardiff in respect of Cardiff City Centre and appears in Part 8 of this Statement of Licensing Policy and the separate published 'Cumulative Impact Assessment' document

The effect of adopting a Cumulative Impact Policy of this kind is to create a rebuttable presumption, provided that relevant representations are received, that applications for new Premises Licences or Club Premises Certificates or material variations of them will normally be refused, unless it can be demonstrated that the operation of the premises involved will not add to the cumulative impact already being experienced. What constitutes a material variation will depend upon the policy in place and the reasons for the area being designated as suitable for adoption of a Cumulative Impact Policy.

Applicants will need to address the cumulative impact policy issues in their Operating Schedules in order to rebut the presumption. However it must be stressed that a Cumulative Impact Policy does not relieve responsible authorities or interested parties of the need to make a relevant representation before the Licensing Authority may lawfully consider giving effect to its cumulative impact policy. If it receives no relevant representations the Licensing Authority must grant any application in a Cumulative Impact Policy area subject only to conditions that are consistent with the Operating Schedule submitted by the applicant.



## 8. City of Cardiff Council Cumulative Impact Policy

Having regard to the Guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003, Cardiff Council as Licensing Authority has consulted upon the issue of cumulative impact. It has taken into account the views of respondents and considered the evidence and has adopted a Cumulative Impact Policy in respect of the **City Centre area**.

When the Policy applies it creates a rebuttable presumption that where relevant representations have been received the application will be refused or subject to certain limitations unless the applicant can successfully demonstrate that the premises will not add to the negative cumulative impact on one or more of the licensing objectives.

The Licensing Authority takes the view that where relevant representations are received in respect of an application for a premises that is adjoining or is in close proximity to (but not within) the Cumulative Impact Policy Area (CIPA)'s defined boundary, and where those representations raise a material impact on the CIPA, then the Cumulative Impact Policy will be applied if the Licensing Sub-Committee reasonably judges that to grant the particular application would add to the cumulative impact being suffered in the defined area.

### Key message

**This Cumulative Impact Policy is not absolute. The circumstances of each application will be considered on its merits and the Licensing Authority will grant licences and certificates that are unlikely to add to the negative cumulative impact on the licensing objectives.**

It must be stressed that the presumption to refuse an application does not relieve the responsible authorities or 'other persons' of the need to make a relevant representation, referring to information which was before the Licensing Authority when it made this Policy. If there are no representations the Licensing Authority must grant the application in terms that are consistent with the Operating Schedule submitted.

### Cumulative Impact Assessment (CIA)

**Cardiff Council has published a CIA to assist in limiting the number of certain licence applications granted in the city centre. The CIA can viewed in Annex A of this Policy.**

The Licensing Authority will review the Cumulative Impact Policy periodically (at least every 3 years) with the Police and other relevant authorities to assess whether it is needed any longer or needs amending.

## Cumulative Impact Assessment - Summary

Cumulative Impact Assessments were introduced at Section 5A of the Act by the Police and Crime Act 2017, with effect from 6 April 2018. This provides provision for licensing authorities to publish a document, cumulative impact assessment, stating that the licensing authority considers that a number of relevant authorisations in respect of premises in one or more parts of its area, described in the assessment, is such that it is likely that it would be inconsistent with the authority's duty under the Act to grant any further relevant authorisations in respect of premises in that part or those parts.

Relevant authorisations means:

- Premises Licence
- Club Premises Certificate

As required by the Act the Council has reviewed the City Centre cumulative impact area. The Council has published its first cumulative impact assessment (CIA) in relation to Cardiff City Centre, as required by the Act the Council formally consulted on the assessment.

### Summary of City Centre CIA

The policy aims to reduce incidents of alcohol related problems, crime and disorder, public nuisance, and risks to public safety, particularly late at night. It aims to discourage an increase in the number of late opening premises primarily concerned with the sale of alcohol and takeaways/late night refreshment premises with the intention of ensuring that the City Centre is a safe environment for people visiting, working and living in the area.

The Licensing Authority recognises that a problem area can be improved by the introduction of new styles of business types, such as food led premises, or high quality/speciality enterprises, rather than vertical drinking establishments.

There are a number of problems in the area caused by the cumulative effect of large numbers of licensed premises. These problems undermine the licensing objectives of:

- Prevention of crime and disorder
- Prevention of public nuisance
- Public Safety.

The CIP is in place to minimise these problems and further promote these objectives.

The Cumulative Impact Policy applies to applications for grants and full variations of Premises Licences and Club Premises Certificates in the circumstances set out in Table 1 and Table 2. The effect of Table 1 and Table 2 is more fully described below.

When the Policy applies it creates a rebuttable presumption that where relevant representations have been received the application will be refused or subject to certain limitations unless the applicant can successfully demonstrate that the premises will not add to the negative cumulative impact on one or more of the licensing objectives.

The Licensing Authority takes the view that where relevant representations are received in

respect of an application for a premises that is adjoining or is in close proximity to (but not within) the Cumulative Impact Policy Area (CIPA)'s defined boundary, and where those representations raise a material impact on the CIPA, then the Cumulative Impact Policy will be applied if the Licensing Sub-Committee reasonably judges that to grant the particular application would add to the cumulative impact being suffered in the defined area.

## Application:

The Cumulative Impact Policy applies to applications for grants and full variations of Premises Licences and Club Premises Certificates in the circumstances set out in Table 1 and Table 2. The effect of Table 1 and Table 2 is more fully described below.

When the Policy applies it creates a rebuttable presumption that where relevant representations have been received the application will be refused or subject to certain limitations unless the applicant can successfully demonstrate that the premises will not add to the negative cumulative impact on one or more of the licensing objectives.

The Licensing Authority takes the view that where relevant representations are received in respect of an application for a premises that is adjoining or is in close proximity to (but not within) the Cumulative Impact Policy Area (CIPA)'s defined boundary, and where those representations raise a material impact on the CIPA, then the Cumulative Impact Policy will be applied if the Licensing Sub-Committee reasonably judges that to grant the particular application would add to the cumulative impact being suffered in the defined area.

It must be stressed that the presumption to refuse an application does not relieve the responsible authorities or 'other persons' of the need to make a relevant representation, referring to information which was before the Licensing Authority when it made this Policy. If there are no representations the Licensing Authority must grant the application in terms that are consistent with the Operating Schedule submitted.

When making a decision on an application in a CIA, the Licensing Authority will have regard to CIP Table 1 in determining whether the CIP applies to that application. Where Table 1 indicates that the CIP applies to an application, the rebuttable presumption of refusal applies as explained above.

Table 2 provides a brief definition of each premises type for the purpose of the CIP and explains the 'core hours' and 'additional measures' restrictions in respect of premises applications classed as 'amber'.

The CIP does not normally apply to premises types categorised as 'green' in Table 1.

The Policy will not apply to premises which are 'amber' if the application is limited to the 'core hours' and the 'additional measures' mentioned in Table 2 are adequately addressed in the accompanying Operating Schedule.

The CIP applies to premises types categorised as 'red' in Table 1.

It should be noted that a green or amber category does not make the application immune from representations from responsible authorities or other persons. All relevant representations will be

considered by the Licensing Sub-Committee and the application determined on its merits. Those **green/amber** applications that would normally fall outside the CIP will be treated as a 'standard' application and the rebuttable presumption of refusal created by the CIP will not apply. However this Policy is not absolute. Each application will be determined individually on its merits and the Licensing Authority shall permit licences and certificates that are unlikely to add to the cumulative impact on the licensing objectives to be granted.

Applicants are expected to address the effects of the CIP in the Operating Schedule. They are expected to clearly demonstrate how the operation of the premises would not add to the negative cumulative impact being experienced in the area.

### **Premises with combined use/premises undefined type**

Certain applications will not fall neatly into one of the categorised premises types or they may have a combined use. For example, there may be instances where a premises operates as a restaurant by day and a bar a night, or there may be a pub that has a strong emphasis on food sales.

This Policy cannot cover all eventualities. Each application will be determined on its own merits and in taking a view of whether the CIP applies the Licensing Authority will take into consideration the primary use of the premises, the licensable activities applied for, and the licensable hours.

#### **Key message**

The Licensing Authority expects applications for premises within the Cumulative Impact Area to be exceptional. The authority does not consider that premises that are well managed and fully compliant with their licensing conditions and all relevant legislation to be 'exceptional'. This is what is expected of all licensed premises.

**Table 1**

<b>Premises Types (See criteria in Table2)</b>					
<b>Area:</b>	<b>Ancillary alcohol sales</b>	<b>Pubs/Members Clubs/Bars/Nightclubs</b>	<b>Restaurants</b>	<b>Takeaways/Fast Food Restaurants</b>	<b>Off-Licences</b>
<b>City Centre</b>	<b>No CIP (Green)</b>	<b>CIP applies (Red)</b>	<b>CIP only applies if the application is outside the 'Core Hours' or the applicant is unwilling to adopt the 'Additional Measures' (Amber)</b>	<b>CIP applies (Red)</b>	<b>CIP only applies if the application is outside the 'Core Hours' (Amber)</b>

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**Table 2**

<b>Premises Type</b>	<b>Criteria</b>
<b>Ancillary Alcohol Sales</b>	<p><b>For the purpose of this policy: Venues where the sale of alcohol is ancillary to the main purpose of the premises, and alcohol sales make up a small percentage of the business.</b></p> <p>This may include:</p> <ul style="list-style-type: none"> <li>• Cinemas</li> <li>• Theatres</li> <li>• Bowling alleys, hairdressers, florists</li> <li>• Hotels/B&amp;Bs where alcohol is provided for consumption on the premises by people staying in overnight accommodation</li> <li>• Art galleries.</li> <li>• Workplace Bar solely for use of employees of the premises</li> </ul> <p>This does not include:</p> <ul style="list-style-type: none"> <li>• Sexual Entertainment Venues</li> <li>• Hotel bars with public access (not just available to customers staying in overnight accommodation)</li> </ul>
<b>Takeaways/Fast food outlets</b>	<p><b>Premises that provide late night refreshment either by way of take away for immediate consumption, or fast food on a counter or self-seating basis.</b></p>
<b>Pubs/Bars/Nightclubs</b>	<p><b>Premises which supply alcohol primary for the consumption on the premises, with or without the provision of off sales and with or without the provision of regulated entertainment. This also includes premises where hot food and hot drink are provided for consumption on or off the premises</b></p>
<b>Off-Licences</b>	<p><b>Premises that supply alcohol primarily for the consumption off the premises</b></p> <p>This includes convenience stores and supermarkets.</p> <p><b>Core Hours:</b>            City Centre CIA Only:            Sale of alcohol: 07:00 -21:00</p>
<b>Restaurants</b>	<p><b>Premises which primarily supply substantial table meals for consumption on the premises and dining is the main activity for customers.</b></p>

The Policy will not apply to restaurants if the core hours and additional measures form part of the operating schedule

Fast food premises and takeaways are **not** considered as 'restaurants' for the purpose of this Policy.

**Core Hours:**

Sale of alcohol  
09:00 – 01:00

**Additional Measures:**

At least 70% of the public space is occupied by tables and chairs

All meals are consumed at tables with non-disposable crockery

The sale of alcohol for consumption on the premises is ancillary to the taking of a substantial table meal

There is no self-seating; customers are shown to their table by staff.

All food is served by waiter/waitress service, with the only exception of buffet-style restaurants.

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# Appendix A - Glossary of Terms

**Designated Premises Supervisor (DPS)** - The DPS is a Personal Licence holder specified on the Premises Licence. All premises licensed to sell alcohol must identify a DPS. The DPS should be the person in day to day control of the premises, and will provide a point of contact for responsible authorities.

**Other Persons** - 'Other persons' relate to any individual, body or business entitled to make representations to the Licensing Authority in respect of applications for the grant, variation, minor variation, or review of Premises Licences and Club Premises Certificates, regardless of geographic proximity to the premises.

**Late Night Refreshment** - The provision of late night refreshment refers to the supply of hot food or hot drink for consumption on or off the premises between 23:00 and 05:00 hours. Please refer to Schedule 2 of the Licensing Act 2003 for exemptions.

**Licensable Activities** - Those activities under the Licensing Act 2003 which require a licence from the Licensing Authority, namely: *the sale by retail of alcohol; the supply of alcohol by or on behalf of a club to, or to the order of, a member of the club; the provision of regulated entertainment; the provision of late night refreshment*

**Licensing Authority** - This refers to Cardiff Council as the body responsible for licensing under the Act

**Licensing Sub-Committee** - The sub-committee is made up of 3 members of the full Licensing Committee.

**Personal Licence** - A licence granted to an individual that authorises that individual to supply alcohol, or authorise the supply of alcohol in accordance with the Premises Licence

**Regulated Entertainment** - Schedule 1 of the Licensing Act 2003 sets out what activities are regarded as regulated entertainment:

- 1) A performance of a play
- 2) An exhibition of a film
- 3) An indoor sporting event
- 4) Boxing or wrestling entertainment
- 5) A performance of live music
- 6) A performance of recorded music
- 7) A performance of dance
- 8) Entertainment of a similar description to live music, recorded music or dance

**Relevant Representation** - These are written representations made by a responsible authority or other persons that relates to the likely effect of the grant/variation of the licence on the promotion of at least one of the licensing objectives. Representations are only valid if received during the statutory 28 day consultation period.



**Responsible Authorities** - Responsible authorities are public bodies that are notified of applications and are entitled to make representations in relation to applications for the grant, variation or review of a Premises Licence or Club Premises Certificate. They include:

- Licensing Authority
- Chief officer of police
- Fire Authority
- The enforcing authority for health and safety at work
- Local health board
- Planning authority
- The local authority responsible for minimising or preventing the risk of pollution or harm to human health
- The recognised body responsible for the protection of children from harm
- Trading standards

In respect of vessels only:-

- The Environment Agency
- The British Waterways Board
- The Maritime and Coastguard Agency, and if different from these:
- The relevant navigation authority/authorities for the place(s) where the vessel is usually moored or berthed or any waters where it is proposed to be navigated at a time when it is used for licensable activities.

**Section 182 Guidance** - Section 182 of the Licensing Act 2003 provides that the Secretary of State must issue and, from time to time, may revise guidance to licensing authorities on the discharge of their functions under the 2003 Act. The Guidance is provided for licensing authorities carrying out their functions. It also provides information for magistrates hearing appeals against licensing decisions and has been made widely available for the benefit of operators of licensed premises, their legal advisers and the general public. It is a key mechanism for promoting best practice, ensuring consistent application of licensing powers across the country and for promoting fairness, equal treatment and proportionality.

**Temporary Event** - A temporary event is defined as the use of premises for one or more of the licensable activities during a period not exceeding 168 hours usually where a Premises Licence covering the licensable activity is not in place

**Vertical Drinking Establishment** - Premises used primarily for, or exclusively for, the sale and consumption of alcohol, with little or no seating for patrons. A “high volume” type premises.

# Appendix B - Responsible Authorities

## Contact Details

Consultation with all Responsible Authorities is encouraged prior to the submission of the application. Where copies of applications have to be submitted to the Chief Officer of Police and/or the Responsible Authorities dependant on licence application type the following addresses should to be used:

<p>Team Manager (Licensing) Licensing = Cardiff Council City Hall Cardiff CF10 3ND 029 20871651 <a href="mailto:licensing@cardiff.gov.uk">licensing@cardiff.gov.uk</a></p>	<p>The Chief Officer of Police South Wales Police Licensing Department, Cardiff Bay Police Station, Eastern B.C.U James Street Cardiff CF10 5EW <a href="mailto:SWPCardiffLicensing@south-wales.pnn.police.uk">SWPCardiffLicensing@south-wales.pnn.police.uk</a></p>
<p>The Chief Fire Officer Fire Safety Department South Wales Fire and Rescue Service Headquarters Forest View Business Park Llantrisant Pontyclun CF72 8LX 01443 232520 <a href="mailto:Safety-south@southwales-fire.gov.uk">Safety-south@southwales-fire.gov.uk</a></p>	<p>The Operational Manager ,Development Management Development Management Cardiff Council County Hall Cardiff. CF10 4UW 029 20871135 <a href="mailto:development@cardiff.gov.uk">development@cardiff.gov.uk</a></p>
<p>The Operational Manager (Neighbourhood Services) (<a href="mailto:Noise&amp;AirPollution@cardiff.gov.uk">Noise Pollution</a>) City of Cardiff Council City Hall Cardiff CF10 3ND 029 20871856 or 20871675 <a href="mailto:Noise&amp;AirPollution@cardiff.gov.uk">Noise&amp;AirPollution@cardiff.gov.uk</a></p>	<p>The Operational Manager (Commercial Services) (<a href="mailto:Health&amp;SafetyEnforcement@cardiff.gov.uk">Health and Safety</a>) City of Cardiff Council City Hall Cardiff. CF10 3ND 029 2087 2054 <b>(Premises where health &amp; safety is enforced by Cardiff County Council)</b> <a href="mailto:Health&amp;SafetyEnforcement@cardiff.gov.uk">Health&amp;SafetyEnforcement@cardiff.gov.uk</a></p>
<p>The Operational Manager Child Protection Unit Trowbridge Family Centre Greenway Road Trowbridge Cardiff CF3 1QS 029 20774642 <a href="mailto:childprotectionunit@cardiff.gov.uk">childprotectionunit@cardiff.gov.uk</a></p>	<p>The Operational Manager Commercial Services) (Trading Standards) Room 120 County Hall Atlantic Wharf, Cardiff CF10 4UW 029 2087 2054 <a href="mailto:tradingstandards@cardiff.gov.uk">tradingstandards@cardiff.gov.uk</a></p>

<p>The Operational Manager for Wales  Health and Safety Executive  Government Buildings  Ty Glas, Llanishen  Cardiff  CF14 5SH  029 20263000  <b>(Premises where health &amp; safety is enforced  by HSE)</b></p>	<p><b><u>For Cardiff Bay Vessels Only</u></b>  Cardiff Harbour Authority  Queen Alexandra House  Cargo Road  Cardiff  CF10 4LY  029 20877900</p>
<p>Fiona Kinghorn  Executive Director of Public Health  2nd Floor  Woodland House  Maes-Y-Coed Road  Llanishen  Cardiff CF14 4HH</p> <p>Dr Sharon Hopkins  Executive Director of Public Health  Cardiff and Vale University Health Board  University Hospital of Wales  Cardiff  CF14 7NB  <a href="mailto:sharon.hopkins3@wales.nhs.uk">sharon.hopkins3@wales.nhs.uk</a></p>	<p>Home Office (Immigration Enforcement)  Alcohol Licensing Team  Lunar House  40 Wellesley Road  Croydon  CR9 2BY</p> <p><a href="mailto:Alcohol@homeoffice.gsi.gov.uk">Alcohol@homeoffice.gsi.gov.uk</a></p>

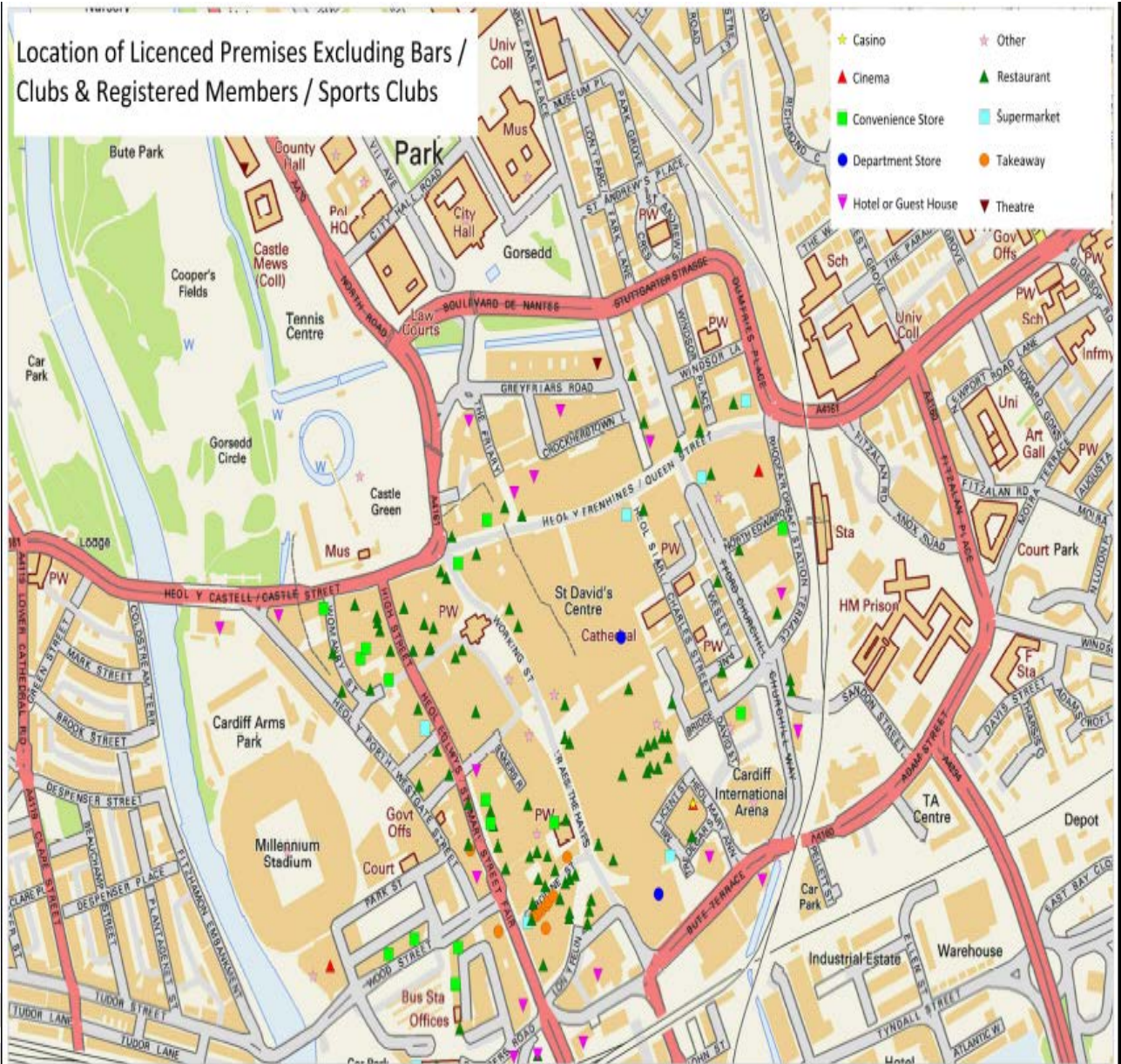
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## Appendix C: Map of City of Cardiff



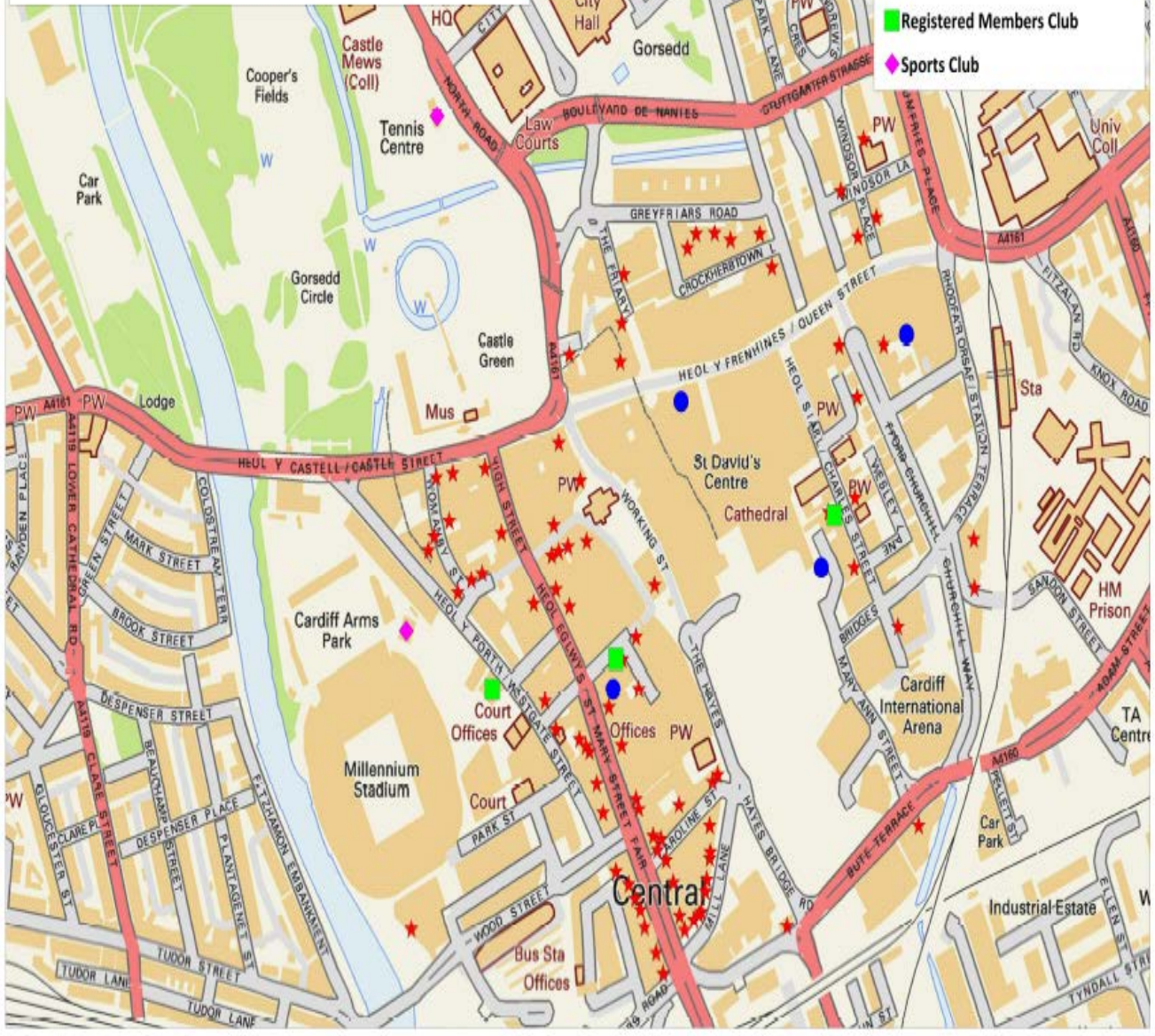
- |                         |                                  |
|-------------------------|----------------------------------|
| 1. Adamsdown            | 16. Llanishen                    |
| 2. Butetown             | 17. Llanrumney                   |
| 3. Caerau               | 18. Pentwyn                      |
| 4. Canton               | 19. Pentyrch                     |
| 5. Cathays              | 20. Penylan                      |
| 6. Creigiau & St Fagans | 21. Plasnewydd                   |
| 7. Cyncoed              | 22. Pontprennau & Old St Mellons |
| 8. Ely                  | 23. Radyr & Morganstown          |
| 9. Fairwater            | 24. Rhiwbina                     |
| 10. Gabalfa             | 25. Riverside                    |
| 11. Grangetown          | 26. Rumney                       |
| 12. Heath               | 27. Splott                       |
| 13. Lisvane             | 28. Trowbridge                   |
| 14. Llandaff            | 29. Whitchurch & Tongwynlais     |
| 15. Llandaff North      |                                  |

# Appendix D



# Locations of Bar & Club Licences with Registered Members & Sports Clubs

- ★ Bar / Pub / Nightclub
- Off Licence
- Registered Members Club
- ◆ Sports Club





**Cardiff Council**  
**Cumulative Impact Assessment**  
**Cardiff City Centre**

**2020**

# Contents

	Page
<b>1. Background</b>	<b>3</b>
<b>2. Policy Aims</b>	<b>4</b>
<b>3. Reasons for Policy</b>	<b>4</b>
<b>4. Application of Policy</b>	<b>8</b>
<b>5. Table 1 –Premise Types</b>	<b>13</b>
<b>6. Table 2 –Policy Criteria</b>	<b>14</b>
<b>7. List of Appendices:</b>	
• <b>Appendix A – South Wales Police Night Time Economy Report 2018-19</b>	
• <b>Appendix B –Local Health Board comparison</b>	
• <b>Appendix C- Noise complaint statistics (Neighbourhood Services)</b>	
• <b>Appendix D –Off-Licence data (South Wales Police)</b>	
• <b>Appendix E – Takeaways data (South Wales Police)</b>	
• <b>Appendix F - Cardiff City Centre Night-time Economy Policing overview 2018</b>	



# Cardiff Council Cumulative Impact Assessment: Cardiff City Centre

## 1. Background

Cardiff's City Centre has a thriving day and night time economy with an average daily footfall of 70,000 and an annual footfall of over 40 million. People are drawn to the City Centre for its numerous shops, bars, restaurants and entertainment venues including the Principality Stadium, all of which are situated in a small walkable area. The City Centre has an extremely high density of licensed premises with over 300 premises in a 0.5 square mile area.

The night-time economy is busiest on Friday and Saturday nights and includes a mixture of local people from Cardiff and the surrounding areas, tourists, hen/stag parties, and students. A number of the licensed premises also promote 'student nights' on various nights of the week.

Footfall in the City Centre swells to 135,000-150,000 on event days in the Principality Stadium such as the 6 Nations Rugby matches and concerts, which results in many of the pubs and bars being full to capacity throughout much of the day and night. These 'major event days' also see increased levels of crime and disorder and hospital/ATC admissions in the City Centre.

There are two main areas within the City Centre that are the main focus of late night entertainment and drinking. These are St Mary Street/High Street area and the Greyfriars Road area which historically had dedicated special policies. Outside these areas, there are also large numbers of licensed premises and high levels of alcohol related crime and disorder across the City Centre. With this in mind and the future redevelopment of the Central Square area the Licensing Authority has extended the CIPA to include the whole of the City Centre (as shown on Map 1 on page 53). The locations of licensed premises in the City Centre are shown on the plans in Appendix D of the Council's Statement of Licensing Act Policy.

It has been widely reported in the media over the years that there are problems of crime and disorder in Cardiff City Centre associated with the night-time economy. South Wales Police has provided statistical data that demonstrates that the City Centre area has high highest levels of crime and disorder, however the data does not distinguish alcohol related crime specifically. It is often difficult to categorise alcohol-related crime as it may be recorded as a number of different offences such as anti-social behaviour, violent crime and public order offences. Furthermore an offence could be caused by offender who is drunk (who may not even be identified or caught for the offence) or it could be a victim of a crime has been targeted due to being in an intoxicated state.

Despite this the data demonstrates that there are high levels of crime and disorder in the City Centre especially at night and on weekends when people are visiting the City Centre due to the night time economy and the presence of licensed premises.

The close proximity of licensed premises in the area can result in difficulties in identifying individual premises responsible for causing problems. This sometimes makes it difficult to deal with problems by way of an action plan at specific premises or through the Premises Licence review process.

Streets within the City Centre with relatively lower numbers of licensed premises such as Queen Street and The Friary still have high crime figures that demonstrate the cumulative impact of the licensed premises in the City Centre area.

## 2. Main Aims of the Cumulative Impact Policy in the City Centre

The policy aims to reduce incidents of alcohol related problems, crime and disorder, public nuisance, and risks to public safety, particularly late at night. It aims to discourage an increase in the number of late opening premises primarily concerned with the sale of alcohol and takeaways/late night refreshment premises with the intention of ensuring that the City Centre is a safe environment for people visiting, working and living in the area.

The Licensing Authority recognises that a problem area can be improved by the introduction of new styles of business types, such as food led premises, or high quality/speciality enterprises, rather than vertical drinking establishments.

### Key message

The Policy aims to encourage diverse, well-run licensed premises (to an exceptional standard), where the main focus of the premises is not high volume consumption of alcohol.

Family friendly premises are encouraged together with cafes and restaurants with the exception of fast food premises that aim to attract late night revellers.

## 3. Reasons for the Policy in the City Centre

There are a number of problems in the area caused by the cumulative effect of large numbers of licensed premises. These problems undermine the licensing objectives of:

- Prevention of crime and disorder
- Prevention of public nuisance
- Public Safety.

The CIP is in place to minimise these problems and further promote these objectives.

### Pub/bars/nightclubs

Data from the 'Report on Community Safety Issues With Cardiff City Centre During the Night Time Economy 2018/19' (Detailed in **Appendix A**) collected to assist the formulation of this policy indicates that premises in the City Centre that serve alcohol (with or without ancillary entertainment) contribute to problems of alcohol related crime and disorder in the premises or in the surrounding streets as people leave. Whereas anti-social behaviour across Cardiff has decreased over the last 8 years, it has actually increased in the City Centre by 3.3% The main hotspot times for crime in the City Centre is Friday and Saturday evening until the early hours (4am/5am) of the next morning. It is therefore considered that premises offering later operating hours pose the biggest risk in terms of promoting the licensing objectives.

The data collected also suggests that due to the high density of licensed premises in the City Centre people tend to travel from premises to premises, and may have visited several licensed premises in the course of a night out. This can present difficulties in identifying individual premises that are the cause of problems of crime and disorder and creates a cumulative effect. This may include premises with earlier terminal hours that have contributed to customers being intoxicated and causing problems later in the night at other licensed premises or in the street. Therefore the policy intends to capture all grant and full variation applications in respect of pubs/bars/nightclubs regardless of their terminal hour.

Other factors that have been considered in the formulation of this policy include:

- The latest taxi demand survey (conducted 2016) indicates that the peak passenger demand for taxis on weekends shifted to one hour later to 03:00 in 2016 compared with 02:00 in 2013; which demonstrates the time at which the majority of late night revellers are leaving licensed premises to go home.
- St Mary Street, Queen Street, Greyfriars Road and Mill Lane have the highest levels of violent crime in Cardiff. However, Queen Street has no pubs, bars or restaurants yet it is consistently in the top 3 for the highest levels of violent crime in Cardiff. This is likely because of high footfall at night with people crossing the city from the St Mary Street and Greyfriars Rd/Churchill Way areas. 1389 offences of 'violence against a person' were recorded for the City Centre. The peak period for these incidents are between 21:00 and 05:00 Friday into Saturday, and between 17:00 and 06:00 Saturday into Sunday.
- Queen Street was also recorded as the 'top reporting location' for referrals to the Emergency Unit (EU) or Alcohol Treatment Centre (ATC) following an alcohol related incident. Further details can be found in the Summary of Local Health Board EU/ATC data in **Appendix B**.
- Recent increases in the amount of residential accommodation in the City Centre coupled with later opening hours also gives rise to the potential of noise nuisance. Residents trying to sleep may be disturbed by noise from entertainment at licensed premises or persons leaving those premises. This disturbance may be greater later at night or on weekday nights when the ambient background noise is lower. The Council's Pollution Control Service receive around 40 complaints a year from residents in the City Centre regarding noise from licensed premises, the majority of which were concerned with amplified music from pubs, bars and nightclubs. Details of Pollution Control complaint numbers are detailed in **Appendix C**.
- Of all the noise complaints received by Pollution Control in relation to licensed premises in the City Centre, the majority of complaints were in Westgate Street and High Street in 2017 and in St Mary Street in 2016.
- Nearly 60% of city centre residents that responded to the Council's consultation regarding the City Centre CIP stated that they have trouble sleeping as a result of noise from licensed premises, the majority of which live on Westgate Street. Residents of Westgate Street agreed strongly with the suggestion of the introduction of a CIP in the City Centre.
- A South Wales Police review of policing the night time economy in the city centre (See Appendix F) also details the high levels of crime associated with the night time economy. There were 7,046 occurrences recorded for 2017 between the hours of 18:00 and 06:00, with the highest recorded occurrence type being 'violence against the person', followed by 'theft & handling', and 'concern for safety'.

The Licensing Authority is also concerned that the presence of large numbers of licensed premises makes the City Centre attractive to criminals who target people who are vulnerable due to intoxication from alcohol.

Police evidence shows that there are large numbers of thefts (excluding shoplifting) taking place in the City Centre between 18:00 and 06:00, which occur in areas that have high levels of other crimes such as anti-social behaviour and violent crime such as St Mary Street, Queen Street and The Hayes.

## Off-Licences/Convenience Stores

In addition to the problems associated with alcohol related crime & disorder at licensed premises with on-sales of alcohol, there are also problems connected with off-licences due to the presence of street drinkers in the City Centre, particularly around the Central Square area which is due for re-development. The Council and South Wales Police have worked with licensees in the City Centre to try to reduce the sale of alcohol to street drinkers and those intoxicated but the problem remains.

Many of the off-licences within the City Centre are general convenience stores and alcohol makes up a small percentage of annual turnover. These stores are generally frequented by city centre residents and city centre workers/visitors on their lunch breaks and on their way home for predominantly food and household goods.

Off-licences that open later in the evening, or sell alcohol products attractive to street drinkers, are considered a higher risk of adversely affecting the licensing objectives. Alcoholic drinks such as super strength lager/cider, or single cans, or miniature bottles of spirits are attractive to people pre-loading or attempting to conceal alcohol into licensed premises, and it is recommended that this is considered by applicants when drafting their operating schedules. Earlier closing hours reduces the risk of pre-loading purchases by those intending to visit the pubs, bars and nightclubs in the City Centre.

### Key message

Operators of off licence/convenience stores are advised to carefully consider their product lines in respect of alcohol to ensure they do not exacerbate problems of street drinking and pre-loading in the area. It is also advised that all staff that sell alcohol are appropriately trained with regards to proxy sales, age restrictions, and selling to people who are intoxicated.

Data shown in **Appendix D** details 60 incidents relating to the sale of alcohol taking place at 7 off licences in the city centre over a 7 month period between April – November 2018. These incidents all take place before 23:00. The majority of incidents relate to shoplifting (all of which relate to alcohol), but there are also incidents of assault, fear or provocation of violence, and harassment.

The South Wales Police review of policing the night time economy in the city centre (See **Appendix F**) identifies street drinking in Cardiff city centre as an emerging challenge, this will continue to put an increased demand on police resources.

There is also extensive Police body-cam footage of street drinkers in the city centre which demonstrates the problems faced by South Wales Police in tackling this issue at various times of the day.

## Takeaways/fast food outlets

People leaving licensed premises often do not go straight home choosing instead to visit one of the many takeaways and fast food outlets in the City Centre, particularly Caroline Street which is densely populated with late night refreshment premises.

Takeaways and fast food outlets attract large numbers of intoxicated individuals which inevitably leads to problems of crime and disorder in and around those premises. Evidence provided by the Cardiff & Vale University Health Board shows that of those patients reporting to the City's Emergency Unit or Alcohol Treatment Centre as a result of an alcohol related activity on Queen Street, around 5% were reported from fast food outlets that were not licensed to sell alcohol. This is however a reduction of 43% compared with reporting from fast food restaurants in 2014.

The police data in Appendix E details a total of 57 incidents occurring in 4 licensed takeaways in the city centre between April 2018 and November 2018. All of these incidents take place during the hours of 23:00 to 05:00, which is the time period that requires late night refreshment to be licensed. include assault, concern for safety, theft, and drunk and disorderly.

The South Wales Police review of policing the night time economy in the city centre (detailed in Appendix A) also makes reference to the high levels of incidents relating to violence, ASB and concern for safety recorded from Late Night refreshment premises on Queen Street and St Mary Street.

The presence of takeaways/fast food outlets slows down the dispersal of people out of the City Centre, and leads to an increase in the number of people on the streets. This is supported by high levels of recorded crime and Health Board data which shows high levels of incidents in the Caroline Street area which is densely populated with takeaways and Queen Street which has 3 fast food outlets.

A survey of local residents indicated that one of the main problems relating to the night-time economy in the City Centre is litter. Cardiff Council spends £20,000 providing additional bins on weekends to cope with the additional litter, much of which is generated from takeaways. It is reported that many of the litter 'hotspots' are in the Caroline Street/lower St Mary street area and in the vicinity of fast food outlets.

There is little evidence to demonstrate that traditional restaurants have a negative impact on the licensing objectives.

## Conclusion

The licensing authority considers that the number of premises licences and/or club premises certificates in Cardiff City Centre is such that it is likely that granting further licences would be inconsistent with the authority's duty to promote the licensing objectives.

The Licensing Authority has received satisfactory evidence (detailed in the separate annexes) that the cumulative impact of licensed premises selling alcohol and providing late night refreshment from fast food outlets/takeaways in the City Centre area is undermining the promotion of the Licensing Objectives in relation to crime and disorder, public nuisance and public safety.

In addition to the data, South Wales Police have also provided an overview of the crime/disorder in Cardiff City Centre's night-time economy (detailed in Appendix F) and numerous video footage clips demonstrating problems caused by licensable activities.

The Licensing Authority is satisfied that the following factors are occurring in the City Centre as a result of the cumulative impact of licensed premises in the area:

- Street drinking and associated anti-social behavior

- Crime hot spots as a consequence of late opening fast food premises
- Significant nuisance arising from Litter
- Excessive noise from licensed premises and on the street, particularly at weekends
- An undue number of targeted thefts of personal belongings and sexual assaults being perpetrated against people under the influence of alcohol
- An undue number of alcohol related injuries through violence or accidents resulting in attendance at the Emergency Unit or Alcohol Treatment Centre.

Therefore in the interests of minimising crime, disorder and nuisance and promoting public safety, to create a safe environment for people to enjoy the nighttime economy in Cardiff, the Licensing Authority considers it is appropriate for the Cumulative Impact Policy to apply to new and full variation applications in the City Centre area in Map 1 below for licensed premises classified as amber and red in Table 1 below.

## 4. Application of the Policy

Having regard to the Guidance issued by the Secretary of State under Section 182 of the Licensing Act 2003, Cardiff Council as Licensing Authority has consulted upon the issue of cumulative impact. It has taken into account the views of respondents and considered the evidence and has adopted a Cumulative Impact Policy in respect of the City Centre area.

This document should be read in conjunction with Cardiff Council's Statement of Licensing Act Policy 2018-2023.

The Cumulative Impact Policy applies to applications for grants and full variations of Premises Licences and Club Premises Certificates in the circumstances set out in Table 1 and Table 2. The effect of Table 1 and Table 2 is more fully described below.

When the Policy applies it creates a rebuttable presumption that where relevant representations have been received the application will be refused or subject to certain limitations unless the applicant can successfully demonstrate that the premises will not add to the negative cumulative impact on one or more of the licensing objectives.

The Licensing Authority takes the view that where relevant representations are received in respect of an application for a premises that is adjoining or is in close proximity to (but not within) the Cumulative Impact Policy Area (CIPA)'s defined boundary, and where those representations raise a material impact on the CIPA, then the Cumulative Impact Policy will be applied if the Licensing Sub-Committee reasonably judges that to grant the particular application would add to the cumulative impact being suffered in the defined area.

### Key message

**This Cumulative Impact Policy is not absolute. The circumstances of each application will be considered on its merits and the Licensing Authority will grant licences and certificates that are unlikely to add to the negative cumulative impact on the licensing objectives.**

It must be stressed that the presumption to refuse an application does not relieve the responsible authorities or 'other persons' of the need to make a relevant representation, referring to information which was before the Licensing Authority when it made this Policy. If there are no representations the Licensing Authority must grant the application in terms that are consistent with the Operating Schedule submitted. The Licensing Authority will review the Cumulative impact Policy periodically with the Police to assess whether it is needed any longer or needs amending.

## Evidence

When determining the City Centre, the Licensing Authority has had regard to the following evidence:-

- Crime and disorder figures, particularly alcohol related
- Alcohol related injuries reported to A&E/Alcohol Treatment Centre
- Last drink data
- Noise complaints
- The number, type and hours of licensed premises
- Residential proximity and density
- Views of residents, businesses and licence holders.

## Consideration of other initiatives and partnership working

There are a number of measures in place in Cardiff that are aimed at providing a safe environment and minimising problems of crime, disorder and nuisance. These measures have been taken into account when determining the CIA. They include:-

- At the time of publication of this Policy, there are proposals to introduce a Public Space Protection Order under the Anti-social Behaviour, Crime and Policing Act 2014 in Cardiff. The Order provides the Police with the power to require a person in the designated area not to drink alcohol or to surrender any alcohol or alcohol containers (other than sealed containers) in their possession.
- Pedestrian and Road Closures – Large parts of the City Centre are pedestrianised to separate pedestrians and vehicles and promote public safety. Furthermore, due to the increased number of visitors to the City Centre on major event days there are additional road closures in place. Night time road closures also exist around the Greyfriars Road area of the City Centre to protect members of the public who have been visiting the licensed premises in that area.
- Taxi Marshalls are employed at a number of the main taxi ranks to aid dispersal of customers from late night premises.
- The Alcohol Treatment Centre led by Cardiff and Vale University Health Board operates within the City Centre providing treatment to heavily intoxicated patients in the locality. The Centre eases pressure on the hospital's Emergency Unit and whilst also offering patients the opportunity of viewing footage of their drunken behaviour before leaving, in a bid to make them consider their safety and highlighting the health risks of excessive drinking.
- Cardiff Licensee's Forum is an organisation representing licensed premises in the City Centre and Cardiff Bay. The Forum meet to share information and good practice and to create good communication links between licensed premises, the Police and the Council.
- The majority of licensed premises in the City Centre have a radio system linked to the Police Control room where they can provide/request information or require assistance.
- Pubwatch Schemes

- The Traffic Light System led by South Wales Police provides a management tool to monitor levels of crime and disorder at licensed premises. Further details can be found on page 32.
- Vulnerability Training is provided by South Wales Police to staff at licensed premises, in particular door staff. The training assists participants in identifying people who could be considered as 'vulnerable' usually due to being under the influence of alcohol, and provides advice on what action should be taken to safeguard these people.
- Restrictions through planning controls
- Provision of CCTV in public areas
- Enforcement powers available to the Police, Licensing Officers and Trading Standards Officers under the Licensing Act 2003.
- For Cardiff (Cardiff Business Improvement District) – a business-led, not for profit organisation with the goal of improving the City Centre. Initiatives include provision of Street Ambassadors, Cardiff Night Marshals, schemes aimed at reducing homelessness.
- Cardiff Against Business Crime –A Business Crime Reduction Partnership with the aim of reducing business related crime through partnership working with various partners including the Licensees Forum, South Wales Police, City of Cardiff Council, For Cardiff, St David's Shopping Centre etc.
- Cardiff Community Alcohol Partnership (CAP) is a partnership of many organisations working together to reduce the harm from alcohol in the 18-25 year old age group in Cardiff, including students. It focuses primarily on the city centre, and areas of primary student residences (Cathays, Plasnewydd and Gabalfa).
- The Alcohol Group is a subgroup of the Area Planning Board (APB) and is a wider partnership group which aims to improve the population's relationship with alcohol and reduce the negative effects of consumption in Cardiff and the Vale of Glamorgan.
- Cardiff and Vale UHB's Emergency Unit (EU) is establishing a dedicated Alcohol Brief Intervention (ABI) service within the department, offering ABIs to patients who have been identified (via routine screening using AUDIT-C for all EU patients) as drinking harmful or hazardous levels. This will increase the identification of and support for patients drinking over the guidelines.
- Street Pastors, who are trained volunteers from local churches, who patrol Cardiff city centre from 10pm to 4am each Friday and Saturday night to care for, listen to and help people who are out on the streets.

The Licensing Authority is satisfied that in the Cumulative Impact Area there is evidence to support the implementation of the Cumulative Impact Policy and, after taking into consideration other existing initiatives, that it is proportionate and the most effective measure to address the problems identified.

## Applications

The CIP applies to applications for Grant and Full Variation of Premises Licences and Club Premises Certificates in the circumstances set out in Table 1 and Table 2. The Policy creates a rebuttable presumption that, where relevant representations have been received, any of these applications will be refused or subject to certain limitations, where relevant representations have been received, unless the applicant can successfully demonstrate that the premises will not add to the negative cumulative impact on one or more of the licensing objectives.



When making a decision on an application in a CIA, the Licensing Authority will have regard to CIP Table 1 in determining whether the CIP applies to that application. Where Table 1 indicates that the CIP applies to an application, the rebuttable presumption of refusal applies as explained above.

Table 2 provides a brief definition of each premises type for the purpose of the CIP and explains the 'core hours' and 'additional measures' restrictions in respect of premises applications classed as 'amber'.

The CIP does not normally apply to premises types categorised as 'green' in Table 1.

The Policy will not apply to premises which are 'amber' if the application is limited to the 'core hours' and the 'additional measures' mentioned in Table 2 are adequately addressed in the accompanying Operating Schedule.

The CIP applies to premises types categorised as 'red' in Table 1.

It should be noted that a green or amber category does not make the application immune from representations from responsible authorities or other persons. All relevant representations will be considered by the Licensing Sub-Committee and the application determined on its merits. Those green/amber applications that would normally fall outside the CIP will be treated as a 'standard' application and the rebuttable presumption of refusal created by the CIP will not apply. However this Policy is not absolute. Each application will be determined individually on its merits and the Licensing Authority shall permit licences and certificates that are unlikely to add to the cumulative impact on the licensing objectives to be granted.

Applicants are expected to address the effects of the CIP in the Operating Schedule. They are expected to clearly demonstrate how the operation of the premises would not add to the negative cumulative impact being experienced in the area.

### **Premises with combined use/premises undefined type**

Certain applications will not fall neatly into one of the categorised premises types or they may have a combined use. For example, there may be instances where a premises operates as a restaurant by day and a bar a night, or there may be a pub that has a strong emphasis on food sales.

This Policy cannot cover all eventualities. Each application will be determined on its own merits and in taking a view of whether the CIP applies the Licensing Authority will take into consideration the primary use of the premises, the licensable activities applied for, and the licensable hours.

#### **Key message**

The Licensing Authority expects applications for premises within the Cumulative Impact Area to be exceptional. The authority does not consider that premises that are well managed and fully compliant with their licensing conditions and all relevant legislation to be 'exceptional'. This is what is expected of all licensed premises.

**Table 1**

<b>Premises Types (See criteria in Table2)</b>					
<b>Area:</b>	<b>Ancillary alcohol sales</b>	<b>Pubs/Members Clubs/Bars/ Nightclubs</b>	<b>Restaurants</b>	<b>Takeaways/Fast Food Restaurants</b>	<b>Off-Licences</b>
City Centre	No CIP (Green)	CIP applies (Red)	CIP only applies if the application is outside the 'Core Hours' or the applicant is unwilling to adopt the 'Additional Measures' (Amber)	CIP applies (Red)	CIP only applies if the application is outside the 'Core Hours' (Amber)

**Table 2**

Premises Type	Criteria
<p><b>Ancillary Alcohol Sales</b></p>	<p>For the purpose of this policy: Venues where the sale of alcohol is ancillary to the main purpose of the premises, and alcohol sales make up a small percentage of the business.</p> <p>This may include:</p> <ul style="list-style-type: none"> <li>• Cinemas</li> <li>• Theatres</li> <li>• Bowling alleys, hairdressers, florists</li> <li>• Hotels/B&amp;Bs where alcohol is provided for consumption on the premises by people staying in overnight accommodation</li> <li>• Art galleries.</li> <li>• Workplace Bar solely for use of employees of the premises</li> </ul> <p>This does not include:</p> <ul style="list-style-type: none"> <li>• Sexual Entertainment Venues</li> <li>• Hotel bars with public access (not just available to customers staying in overnight accommodation)</li> </ul>
<p><b>Takeaways/Fast food outlets</b></p>	<p>Premises that provide late night refreshment either by way of take away for immediate consumption, or fast food on a counter or self-seating basis.</p>
<p><b>Pubs/Bars/Nightclubs</b></p>	<p>Premises which supply alcohol primary for the consumption on the premises, with or without the provision of off sales and with or without the provision of regulated entertainment. This also includes premises where hot food and hot drink are provided for consumption on or off the premises</p>

**Off-Licences**

**Premises that supply alcohol primarily for the consumption off the premises**

This includes convenience stores and supermarkets.

**Core Hours:**

Sale of alcohol: 07:00 -21:00

**Restaurants**

**Premises which primarily supply substantial table meals for consumption on the premises and dining is the main activity for customers.**

The Policy will not apply to restaurants if the core hours and additional measures form part of the operating schedule

Fast food premises and takeaways are **not** considered as 'restaurants' for the purpose of this Policy.

**Core Hours:**

Sale of alcohol

09:00 – 01:00

**Additional Measures:**

At least 70% of the public space is occupied by tables and chairs

All meals are consumed at tables with non-disposable crockery

The sale of alcohol for consumption on the premises is ancillary to the taking of a substantial table meal

There is no self-seating; customers are shown to their table by staff.

All food is served by waiter/waitress service, with the only exception of buffet-style restaurants.

## MAP 1: City Centre CIA Area



For clarity part or whole of the following streets are included in the CIA:

Bakers Row

Barrack Lane

Barry Lane

Boulevard de Nantes

Bridge Street

Bute Terrace

Canal Street

Caroline Street

Castle Street

Cathedral Walk

Central Square

Charles Street

Church Street	Churchill Way	Crockherbtown Lane
Customhouse Street	David Street	Duke Street
Dumfries Place	Frederick Street	Golate Street
Great Western Lane	Greyfriars Road	Guildford Crescent
Guildford Street	Guildhall Place	Havelock Street
Hayes Bridge Road	Hayes Place	High Street
Hills Street	Hope Street	Kingsway
Little Frederick Street	Love Lane	Mary Ann Street
Mill Lane	Millicent Street	Newport Road (part of)
North Edward Street	Park Lane	Park Place (part of)
Park Street	Penarth Road (part of)	Quay Street
Queen Street	Saunders Road	Scott road
St John Street	St Mary Street	Station Terrace
Stuttgarter Strasse	The Friary	The Hayes
Tredegar Street	Trinity Street	Union Street
Victoria Place	Wesley Lane	Westgate Street
Wharton Street	Wharton Place	Windsor Place
Windsor Lane	Womanby Street	Wood Street
Working Street		

**COUNCIL: 22 OCTOBER 2020**

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## **CABINET PROPOSAL**

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### **SECURING THE FUTURE SUSTAINABILITY AND VIABILITY OF CARDIFF CITY TRANSPORT SERVICES LIMITED**

*Annexe A and Appendices 1 to 8 and 10 to this report are not for publication as they contain exempt information of the description contained in paragraphs 14 (Information relating to the financial or business affairs of any particular person {including the authority holding that information}) and 21 (public interest) of Schedule 12A of the Local Government Act 1972. In all the circumstances of this case it is viewed that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as without keeping certain of the information relating to the financial and business affairs exempt, such information may not have been provided to the authority in order to consider matters and or its disclosure could prejudice a party.*

*Appendix 6 to this report is not for publication as it contains exempt information of the description contained in paragraph 16 (Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings) of Schedule 12A of the Local Government Act 1972.*

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

1. This report sets out the Council's proposal, as shareholder, to invest in the future of Cardiff City Transport Services Limited (trading as Cardiff Bus) and to secure the continuity of bus service provision in the city. It highlights a range of measures to address the difficulties faced by Cardiff Bus and the Trustees of its pension scheme to agree, in accordance with Pension Legislation, the Triennial valuation of the pension scheme at 31 March 2018.
2. In parallel to securing a pension scheme valuation, the report considers the release of funding approved in the Council's budget framework (February 2020) for 2020/21 in order to enable the company to implement a turnaround plan to secure the future sustainability and financial viability of the company.

## **Background**

3. Cardiff Bus is a private company limited by shares (Company Ref 02001229) and is wholly owned by the Council. Cardiff Bus was constituted as a Public Transport company within the meaning of Section 72 of the Transport Act 1985 and its main purpose is to carry out the business of a public transport company. The company Board currently comprises 11 Directors (5 Councillors, 2 Non-Executive Directors and 4 Employee Directors) and there is also a company secretary.
4. The company has faced a number of significant challenges in recent years including:
  - Reduced patronage and government funding impacting on turnover;
  - Relatively high and increases in operating costs;
  - An aging fleet;
  - A secured overdraft; and
  - Management and supervisory capacity constraints.
5. The above issues contributed to significant trading losses in 2017/18, following which the Council instigated an initial shareholder review.
6. As part of this shareholder review, the Council in November 2018 approved the appointment to the company Board of two experienced independent non-executive directors, with a background in transport as well as financial management. In January 2020, the company recruited a new Managing Director to support the Board to take the company forward and to address the challenges.
7. Cardiff Bus is the Statutory and Principal employer in a defined benefit pension scheme. This means it is legally responsible under legislation to meet the funding objectives and to fund the liabilities of the Scheme (Statutory Employer) and the “main” employer for the purposes of the Scheme rules, having certain decision making powers relating to the running of the Scheme (Principal Employer).
8. Common with all defined benefit pension schemes, the Trustees and company are required to agree a triennial valuation of the pension scheme in accordance with the Pension Act 2004.

## **Issues to Consider**

9. The company had made significant headway in improving performance as part of a turnaround plan; however, in line with the entire public transport industry across the country, the Covid-19 pandemic and resulting restrictions since March 2020 has resulted in reductions in income and patronage, whilst it continues to provide essential services. The company, shareholder and Welsh Government are working closely in order to protect the delivery of bus services.



10. The regulations and requirements in respect of pension law, assessment of covenant strength and impact of this on the approach to pension scheme funding and Pension Protection Fund (PPF) levy (insurance policy payable by the Company) are complex. Accordingly the Council has worked closely with actuaries and legal advisors in determining solutions to allow the company and Trustees to agree the Triennial Valuation of its pension scheme in line with the Pension Regulator requirements.
11. Annexe A sets out in more detail the background to the key issues and approach that the Council has undertaken to determine feasible solutions working with a range of stakeholders. The Annexe includes:
  - Background to the company and impact of covid-19
    - Position of various stakeholders involved in the Cardiff Bus Pension Scheme following the inability to agree the triennial valuation and risk to the viability of the company.
    - Interventions and rationale considered and proposed to complete the pension scheme valuation and secure the viability of Cardiff Bus.
    - Legal and Financial implications
    - Relevant correspondence as appendices
12. Annexe A is deemed confidential for the reasons set out at the start of this report. Members should note that legal and financial implications are also confidential and included as part of Annexe A. Members should consider these carefully as part of their decision making in respect to the recommendations set out in this report.

### **Reason for Recommendations**

13. The interventions proposed in this report achieve the key principles of protecting the current and future entitlement of members and of the Cardiff Bus Pension Scheme as well as resolving immediate risks to the viability of the company. The proposal staves off an immediate risk to financial viability arising from the potential risk of winding up of the pension scheme and the Pension Regulator intervention, by allowing the completion of the 31 March 2018 valuation.
14. Financial risk to the Council is mitigated by a back to back agreement with the company to meet all ongoing costs in respect to the pension fund. This includes any future deficit contributions payable to the scheme, administration costs of and any pension levy payable. However, it should be noted that in the event of any future liquidating event of the company, pension liabilities would fall to the Council.
15. The proposal provides a solid base for the company and its stakeholders to take some really difficult but required actions to build a more sustainable financial and operational future and make significant improvements to the vital services people rely on.

### **Legal Implications**

16. Confidential legal implications can be found in Annexe A (Confidential)

### **HR Implications**

17. There are no HR implications for this report as the 'Employer' terminology that is being used in this report is in reference to pensions only.

### **Financial Implications**

18. Confidential finance implications can be found in Annexe A (Confidential)

### **Property Implications**

19. There are no property implications arising from this report.

## **CABINET PROPOSAL**

Council is recommended to:

1. Subject to Cardiff Council and Cardiff City Transport Services Limited concluding the agreements referred to in Recommendation 2:
  - 1.1 Agree that Cardiff Council becomes the Statutory and Principal Employer of the Cardiff City Transport Services Limited Pension Scheme.
  - 1.2 delegate to the Corporate Director Resources, in consultation with the Cabinet Member (Finance, Modernisation and Performance) authority to enter into legal agreements with Trustees and Cardiff City Transport Services Limited to become the Statutory and Principal Employer and deal with all ancillary matters relating thereto.
  - 1.3 agree that Cardiff Council enter into a 'Flexible Apportionment Arrangement' with the Trustees of the Cardiff City Transport Services Limited Pension Scheme meaning that all future liabilities in respect to pension obligations will fall to Cardiff Council.
2. In order to facilitate entering into a Flexible Apportionment Arrangement, delegate the Corporate Director Resources and Monitoring Officer, in consultation with the Cabinet Member (Finance, Modernisation and Performance) authority to enter into a back-to-back legal agreement with Cardiff City Transport Services Limited to ensure any sums payable by the Council in respect of:
  - a. contributions in to the scheme as part of any deficit recovery
  - b. allowance for scheme expenses
  - c. Pension Protection Fund levy and
  - d. any other costs and expenses incurred by the Council in respect to its obligations as Statutory and Principal employer are recovered from the Cardiff City Transport Services Limited.

3. Delegate to the Corporate Director Resources, in consultation with the Cabinet Member (Finance, Modernisation and Performance) authority to carry out on behalf of Cardiff Council the responsibilities of the Statutory and Principal Employer of the Cardiff City Transport Services Limited Pension scheme.
4. a) Subject to completion of the actions set out in recommendations 1 & 2, delegate to the Corporate Director Resources, in consultation with the Cabinet Member (Finance, Modernisation and Performance) authority to release up to £7.0 million included in the 2020/21 capital programme with this payment being subject to Cardiff City Transport Services Limited agreeing to carry out the interventions to support viability and strengthen the balance sheet.  
b) note that any release of funds allocated in future years will be subject to review and included as part of future budget proposals.
5. Delegate to the Corporate Director Resources, as Cardiff Council's shareholder representative, authority to approve any request by Cardiff City Transport Services Limited to issue additional equity as appropriate.
6. Agree that Cardiff Council acquire additional equity issued in Cardiff City Transport Services Limited as part of the implementation of any financial support package approved by the Council.
7. Delegate to the Corporate Director Resources, in consultation with the Cabinet Member (Finance, Modernisation and Performance) authority to identify and make necessary improvements to the governance process in respect to Cardiff City Transport Services Limited as outlined in this report and report back to a future Council meeting on the changes made.
8. Delegate to the Corporate Director Resources, authority to explore alternative means of providing financial support to Cardiff City Transport Services Limited that would reduce the requirement for Cardiff Council's allocation included in the indicative Capital Programme and authorise the Corporate Director Resources to conclude any such agreements on behalf of Cardiff Council.

**THE CABINET**  
**15 October 2020**

The following Annexe and its appendices are attached:

Annexe A – Securing the Future Sustainability and Viability of Cardiff City Transport Services Limited. (Confidential)

Appendix 1 - Letter received from the board of Cardiff Bus on 2nd June 2020 setting out the intention to hold an Emergency Board Meeting on 11th June 2020 (Confidential)

Appendix 2 – Letter from Trustees to Company (Confidential)

Appendix 3 – Trustee letter to the Pension Regulator setting out delay in agreeing a valuation (Confidential)

Appendix 4 – Letter from the Pension Regulator to the Council (Confidential)

Appendix 5 – Letter from the Chair of Cardiff City Transport Services Ltd seeking financial support for viability (Confidential)

Appendix 6 – Comparison of Guarantee as well as Statutory and Principal Employer options (Confidential)

Appendix 7 – Cardiff Bus Strategy Update (Confidential)

Appendix 8 – In principal approval by the Trustees of the Cardiff Bus Pension Scheme of measures to agree the 31 March 2018 scheme valuation (Confidential)

Appendix 9 – Welsh Minister consent for financial viability support

Appendix 10 – Letter from Chair of Policy Review & Performance Scrutiny Committee

#### Background papers

- Grant Thornton - Report in the Public Interest concerning governance arrangements for Subsidiaries
- Confidential Communication passing between Company, Trustees, Pension Regulator and Council (exempt from publication for reasons given above)

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Simon Jones  
Director, Economic Infrastructure  
Department for Economy and Transport



Llywodraeth Cymru  
Welsh Government

Mr Christopher Lee  
Corporate Director Resources  
Cardiff Council  
Room 343, County Hall  
Atlantic Wharf  
Cardiff CF10 4UW

Eich Cyf/Your Ref: CDR/CL  
Ein Cyf/Our Ref:

Date: 15<sup>th</sup> September 2020

Dear Chris

**Cardiff City Transport Services Limited (“Cardiff Bus” “the Company”) Consent for Viability Financial Support**

Thank you for your letter of 11 September outlining the work you have been undertaking with the company to secure its financial future and the ongoing work with the trustees and advisors regarding the pension’s issues.

I acknowledge the position you have achieved in negotiating a potential agreement in principal with the pension fund trustees to take to full council next week. I can confirm that the consent in my letter to you dated 5<sup>th</sup> June still stands as it is our view that nothing material has changed. Therefore I am content for my letter to be used to provide the viability support proposed pursuant to section 79(8) of the Transport Act 1985.

I would like to reiterate that such consent is subject to you continuing to have confidence that your proposed support will give the company a reasonable prospect of securing a sustainable future. I would also like to reiterate, on behalf of the Welsh Ministers, that it is the Council’s sole responsibility to ensure that the proposed financial support (and business plan implementation) is delivered lawfully and in full compliance with all applicable legislation.

I hope this provides the reassurance required for your council meeting on Thursday.

Yours sincerely

**Simon Jones**  
Director of Economic Infrastructure

*Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.*

*We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.*



Llywodraeth Cymru  
Welsh Government

Grŵp Yr Economi, Sgiliau a Chyfoeth Naturiol  
Economy, Skills and Natural Resources Group

Mr Christopher Lee  
Corporate Director Resources  
Cardiff Council  
Room 343, County Hall  
Atlantic Wharf  
Cardiff CF10 4UW

Eich Cyf/Your Ref: CDR/CL  
Ein Cyf/Our Ref: MA-KS-0976-20

Date 5<sup>th</sup> June, 2020

Dear Chris

**Cardiff City Transport Services Limited (“Cardiff Bus” “the Company”) Request to Provide Viability Financial Support**

I refer to your letter of the 20<sup>th</sup> December 2019 requesting consent from the Welsh Ministers pursuant to section 79(8) of the Transport Act 1985 (“the 1985 Act”) to provide financial support to the Company to address viability.

In accordance with section 79(9) of the Act the Welsh Ministers have considered the business plan that you have submitted for the purposes of improving the Company’s operations and financial viability going forward and on the basis of the proposals put forward therein, have granted the necessary consent for the proposed financial support measures to be implemented.

Please note that such consent is subject to you continuing to have confidence that your proposed support will give the company a reasonable prospect of securing a sustainable future and the completion of any outstanding or updated due diligence that may be required.

I would also remind you on behalf of the Welsh Ministers that it is the Council’s sole responsibility to ensure that the proposed financial support (and business plan implementation) is delivered lawfully and in full compliance with all applicable legislation. The Welsh Ministers have not undertaken their own independent analysis of this in providing the consent referred to herein. Should you have any concerns about compliant implementation then you should seek appropriate professional advice.

*Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.*

*We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.*



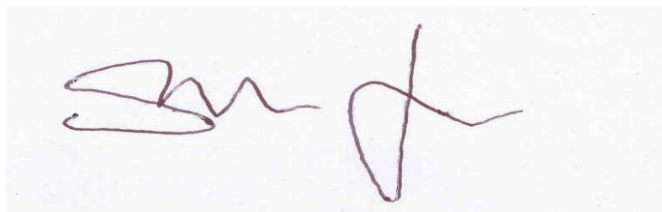
BUDDSODDWYR | INVESTORS  
MEWN POBL | IN PEOPLE

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Simon.jones@gov.wales  
Gwefan • website: [www.llyw.cymru](http://www.llyw.cymru)  
[www.gov.wales](http://www.gov.wales)



I would be grateful if you could acknowledge receipt of this letter (which supersedes my letter of 29<sup>th</sup> May concerning the issue of consent under the 1985 Act), by return correspondence.

A handwritten signature in dark ink, appearing to read 'Simon Jones', written in a cursive style.

**Simon Jones**  
Director of Economic Infrastructure

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

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**COUNCIL:**

**22 OCTOBER 2020**

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**LEADER & CABINET STATEMENTS**

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1. Leader Statement – Councillor Huw Thomas
2. Cabinet Member, Strategic Planning & Transport –  
Councillor Wild
3. Cabinet Member, Culture & Leisure – Councillor Bradbury
4. Cabinet Member, Finance Modernisation & Performance -  
Councillor Weaver
5. Cabinet Member, Housing & Communities - Councillor  
Thorne
6. Cabinet Member, Clean Streets, Recycling & Environment  
– Councillor Michael
7. Cabinet Member, Children & Families – Councillor  
Hinchey
8. Cabinet Member, Social Care, Health & Well-being –  
Councillor Elsmore
9. Deputy Leader, Education, Employment & Skills –  
Statement – Councillor Merry
10. Cabinet Member, Investment & Development – Councillor  
Goodway

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## **STATEMENT OF THE LEADER**

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### **Covid-19 Update**

In response to the significant increase in new Covid-19 cases in September, the Welsh Government imposed a local lockdown for the Cardiff local authority area, which came into effect on 27 September 2020. The rate of transmission has since continued to rise, with the rate of new cases in Cardiff having reached 223.5 per 100,000 over the last seven days, with the number of positive tests at 14.4% as of 15 October 2020, which means that our incidence per 100,000 is now the highest in Wales. This persistent increase in case numbers, despite the additional lockdown measures in place in the city, is a cause for genuine concern.

The Test, Trace, Protect (TTP) programme in Cardiff and the Vale of Glamorgan is being expanded rapidly and Cardiff Council, Shared Regulatory Services, Cardiff & Vale University Health Board, Public Health Wales and Vale of Glamorgan Council are all working effectively in partnership to respond to the latest surge in Cardiff's case figures. These figures indicate that the city is entering a new phase of the crisis, which will require a renewed focus on managing the pandemic, delivering essential services and keeping both staff and local residents safe. After the Welsh Government's announcement of the local lockdown to be imposed in Cardiff from 27 September, the Chief Executive and I sent a letter to those previously shielding explaining the new restrictions, emphasising that the Council's vital advice and support services remain available and encouraging them to contact the Council should they find themselves in need of additional help.

Council staff are continuing to deliver positive outcomes in the most difficult of circumstances. Those staff who can work from home are continuing to do so, however, the delivery of essential services means that, for many Council staff, this is not an option. Staff across the Procurement and Health & Safety teams have worked hard to ensure a ready supply of all necessary PPE equipment for staff, and we have invested in additional testing capacity for our key workers to keep them safe. Our key workers are working tirelessly on the frontline to ensure that essential council services continue to be delivered in Cardiff, and I am sure that you will join me in recognising the tremendous efforts of Council staff over recent months.

### **Brexit**

Brexit uncertainty continues to affect business planning and investment decisions, and Cardiff is particularly vulnerable to a disruptive Brexit, as it is amongst the top five British cities most reliant on European Union (EU) markets, with 46% of its exports

going to EU countries. Should the UK Government and the EU fail to agree a free trade deal before November 2020, the UK would once again face a 'no-deal' scenario, in which trade with the EU would be based on World Trade Organisation rules, with most UK goods subject to tariffs. There would also be a range of other implications of the UK leaving the EU without a deal, which the Council has already taken steps to prepare for, as set out in the Brexit Issues Register. On 23 July 2020, the Council's Resilience Unit co-ordinated a Council-wide exercise to update the Register, taking into consideration the impacts of Covid-19. The relevant directorates have identified actions to address each issue, with a continued focus on protecting communities, especially the most vulnerable.

Potential disruption to supply chains and the local economy, the registration of EU nationals on the EU Settlement Scheme and Council finances are amongst the key Brexit risks facing the Council. Moving forward, should 'no-deal' become a definitive position, nominated officers will be asked to undertake a review of their directorate's Business Continuity Plans in the face of the challenges ahead, and to regularly monitor and update the relevant issues and mitigation actions in the Brexit Issues Register. Should a deal be confirmed, work will be undertaken to understand its implications, before putting in place appropriate preparations.

### **Cardiff Music Board**

Cardiff Music Board has been focused on addressing the serious threats currently facing the city's live music sector. The Board has recently warned that if central Government fails to make additional funds available, this sector will face devastating consequences. The funding support already provided by Welsh Government has been crucial and very welcome, however the scale of the impact on the live music sector exceeds this support. The prolonged prohibition of live music events, in combination with the new rules limiting opening hours and the forthcoming end to the UK Government furlough scheme, has created a situation in which certain music venues, as well as the jobs they support, are at significant risk of being lost.

We must remember that live music was a viable industry before the lockdown, that it had been making a substantial contribution to the local and UK economy and – most importantly – that it will become viable again once the pandemic ends. Prior to lockdown, live music created 70% of the jobs and £45.6 million of the income in Cardiff's music sector. Cardiff Music Board is therefore calling on the UK Government to provide the urgent financial support the live music sector needs to survive in this challenging interim period. As chair of the Board, I can say that I believe if we get the appropriate support from government, we will eventually be able to build an even stronger live music sector in Cardiff, and the Board will be working relentlessly to realise this ambition.

I would also like to send the same call for support to protect and sustain our wider cultural community, arts organisations, creative sector and cultural venues, which play such an important role in creating economic and social value for our nation. Culture is a utility for the soul of our nation, and it will be crucial that the Government recognises this reality and invests accordingly if we are to save our vibrant creative industries, which were the fastest growing area of the economy before the pandemic.



## **Western Gateway**

The Western Gateway is a cross-border strategic partnership between South Wales and the West of England aimed at developing a dynamic, green and inclusive regional economy by attracting high levels of investment in transport and digital infrastructure, innovation and foreign direct investment. On 14 October, I attended the Westminster Social Policy Forum keynote seminar, which provided an opportunity for partnership members and MPs to come together to discuss the next steps for the Western Gateway initiative, its key challenges and opportunities, and the priorities for the partnership's full vision document, which will be released following the completion of an Independent Economic Review later this year. The event was chaired by Ruth Jones, MP for Newport West, and included addresses from Leaders of Councils which are members of the partnership.

In my address, I focused on the importance of the South Wales/West of England region seizing the current opportunity to attract high levels of UK government investment in much-needed infrastructure projects. Our regions have long faced under-investment, with infrastructure spending per head 26% higher in the North than in South Wales and the West of England, and more than double in London, so now is the time to address this problem and deliver the economic and environmental benefits that improved regional connectivity and co-operation will bring. Major transport infrastructure projects will play a key role in lifting Cardiff out of the post-Covid economic crisis, but funding for projects in renewable energy, digital connectivity and innovation will also be critically important in unlocking the region's economic potential and leading the green revolution in the UK.

## **'One Team - One Race': Honouring the Cardiff Bay Rugby Codebreakers**

The launch event for the 'One Team - One Race, Honouring the Cardiff Bay Rugby Codebreakers' project was held virtually on 30 September 2020 – Sporting Heritage Day – with the Rugby Football League family and family members of the honoured players in attendance. This project will raise money to create three statues chosen from 13 rugby stars who made a significant contribution to Rugby League over the past 120 years, with members of the community asked to vote for their top three players. All 13 nominees grew up within a three-mile radius of Cardiff Bay, and many battled prejudice and racism before leaving Wales to find fame as Rugby League superstars in the North of England. It is hoped that the artwork, which could use QR codes to tell the story of Cardiff Bay and the role its residents have played in positive race relations since the docks were built, could go on permanent display in Cardiff Bay within the next two years. Committee meetings are taking place on a monthly basis to oversee the delivery of the project.

The exceptional achievements of rugby players from Cardiff Bay's Black, Asian and minority ethnic (BAME) communities have long been overlooked, and it is time for Cardiff to finally celebrate their contribution to Welsh history. These men not only brought honour to themselves, their city and their nation, but also helped to break down the barriers of racism and social injustice. Their achievements and character remain an inspiration to our city, and this project will ensure that their legacy continues to inspire future generations.

## **Real Living Wage**

On 30 September 2020, I attended Citizen Cymru's virtual 'Building Back Better' event, where I discussed the important role that the real Living Wage has to play in making Wales a more economically, racially and socially just nation. I set out what we and our partners have achieved thus far in Cardiff, most notably in getting Cardiff recognised by the Living Wage Foundation as the UK's second Living Wage City in November 2019. The event recognised and celebrated Cardiff as a Living Wage City, with recently accredited Living Wage employers setting out why they had joined the initiative. We also heard powerful messages from employees across Wales who had benefited from a pay rise to the real Living Wage.

I would like to take this opportunity to publicly thank our Public Services Board partner, Cardiff and Vale University Health Board (UHB), for making the decision to become Wales's first real Living Wage-accredited Health Board, particularly during such a challenging time. The Covid-19 pandemic has revealed the vital contribution that essential workers in the health and social care sectors make to our society, and such action shows real leadership and commitment to ensuring that our 'essential' workers earn a wage that meets their everyday needs.

The recent accreditation of Cardiff & Vale UHB means that the partnership driving the Living Wage in Cardiff has achieved two of its three ambitious targets for 2022. There are now 48,700 workers employed by accredited Living Wage employers in Cardiff, an increase of over 20,000 from our 2019 baseline, which exceeds our target of 48,000. Furthermore, our target for workers receiving a pay rise to at least the real Living Wage was 6,500 and the latest figures show that over 7,100 workers have had a pay rise as a result of their employer accrediting. This is an increase of over 2,600 since 2019. There are now 117 accredited Living Wage employers in Cardiff and we are on track to hit our target of 150 accredited Living Wage employers by 2022.

At this month's meeting of the Welsh Living Wage Leadership Team, which I attended, we also continued to develop options to ensure that the payment of the real Living Wage on all adult social care contracts in Wales remains under consideration by the Welsh Government, which will require the provision of funding at the national level.

During the upcoming Living Wage Week, which will take place from 9-15 November 2020, we will be celebrating and championing the real Living Wage movement, which has never been more vital given the emerging economic crisis that is disproportionately impacting people working in low-paid sectors. On 9 November, I will be attending the Living Wage Week Wales Launch 2020, where I will speak about Cardiff's experience as a Living Wage City and how this has impacted the foundational economy in the region. The Living Wage flags will also be flying from Cardiff Castle again and I hope that Members will help to publicise the benefits of the real Living Wage, the Council's Living Wage Accreditation Support Scheme for SMEs and help Cardiff to 'Build Back Better'.

## **Local Government and Elections (Wales) Bill – Corporate Joint Committees**

The establishment of Corporate Joint Committees (CJCs) is an integral feature of the Local Government and Elections (Wales) Bill, which is currently going through the legislative process in the Senedd (currently at Stage 3). It is anticipated that the Bill will complete its passage through the Senedd and receive Royal Assent by the end of

2020. The Welsh Government published draft regulations for the establishment of four CJsCs in Wales on 12 October 2020, which will cover the existing regions for City/Growth Deals – i.e. South East Wales, South West Wales, North Wales and Mid Wales. The CJsCs will be separate corporate bodies, which can employ staff and hold assets and budgets. They will also exercise functions relating to Strategic Development Planning and Regional Transport Planning, as well as being given a power to do things to promote or improve the economic well-being of their regions. The deadline for submission of responses to the consultation is 4 January 2021.

**Councillor Huw Thomas**  
**Leader of the Council**  
**15 October 2020**

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## **STRATEGIC PLANNING & TRANSPORT STATEMENT**

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### **Castle Street Update**

The Council recognises that the closure of Castle Street has divided opinions, with strong arguments being made in favour and against the changes that have been implemented in recent months. Alongside a detailed modelling exercise on future traffic flows, we propose to undertake a comprehensive consultation exercise, involving city centre businesses, local residents, and citizens across Cardiff, to help determine the final plan for the street.

The Council is considering re-opening Castle Street to buses, taxis and emergency vehicles as a temporary measure while public consultation is undertaken on the future of the thoroughfare. The proposed re-opening – which may be ready by mid-November – will help buses and taxis cross east to west and west to east and give a boost to public transport. This temporary design will seek to ensure that the cross-city pop-up cycleway, which will run from Leckwith Road up Newport Road to the junction with Broadway, will be retained throughout the public consultation.

The temporary measure under consideration may include the pavement alongside the shops and bars opposite the castle being extended into the road to provide a wider walkway for people to socially distance. It could also create an opportunity for hospitality businesses to have more space outside their premises to trade. It is anticipated that the proposed scheme would bed-in before the Christmas season begins.

The Council is keeping a close eye on congestion and air quality levels around the city. Any future plans will involve detailed modelling of impacts on surrounding areas and mitigations that may be required.

### **City-wide Recovery – District Centres and ‘Pop-Up’ Cycleways**

A public consultation is being held on the Phase 2 proposals for Wellfield Road, which include the introduction of a one-way system on Wellfield Road and ‘lower’ Pen-y-Lan Road, together with a two-way segregated cycle lane and footway widening on Wellfield Road. Revised parking arrangements are also being put forward which will reinstate some parking on Wellfield Road itself as well as improving provision in the surrounding streets. The proposals have been developed following a review of the pilot scheme, together with the comments received from members, residents and local businesses.

The cross-city pop-up cycleway is currently under construction. It will be installed along Leckwith Road, onto Wellington Street, before joining the current cycleway

on Castle Street. The cycleway then continues along Boulevard de Nantes and Dumfries Place onto Newport Road to the junction with Broadway. Public engagement is underway on further phases of the pop-up cycleways in the city.

### **School Streets and Active Travel to Schools**

Work to support the safe re-opening of schools is continuing. In addition to the introduction of new 'School Streets' and the enforcement of parking restrictions, a large number of concerns around driver behaviour, parking and provision for social distancing are being investigated. This is happening in conjunction with the ongoing Active Travel to Schools programme and road safety initiatives.

I had the opportunity recently to highlight the work being done in Cardiff towards creating 'School Streets' at a UK-wide seminar on 21 September 2020, which was organised by Living Streets and also included speakers from Greater Manchester and Lambeth. The 'School Streets' approach to prioritising safety outside our schools is now being taken up by other local authorities in South Wales, including Caerphilly and Merthyr Tydfil Councils.

A new scheme for schools has been launched to encourage children and young people to take up cycling and promote Active Travel. The School's Bike Fleet scheme provides schools with a fleet of bikes for pupils to use in school for the delivery of cycle training. It is a partnership project between the Council, Welsh Cycling and British Cycling and has been funded by Welsh Government. This project was created through our partnership with British Cycling and Welsh Cycling. The Council and Welsh Cycling came up with the Schools Bike Fleet in order to increase the number of children taking part in cycling by embedding cycling into schools' curriculums and encouraging and increasing Active Travel, as well as improving the physical and emotional well-being of pupils (as set out in Capital Ambition), providing additional play opportunities for children in schools and supporting Cardiff as a Child Friendly City.

This year's Bike to School Week from 28 September to 2 October 2020 was marked with the provision of National Standard Cycle Training to pupils at Ysgol Gymraeg Pwll Coch, Ysgol Glan Morfa and Ysgol Gymraeg Bro Eirwg. Coverage of two schools taking part in the scheme, Trelai Primary School and Ysgol Glan Morfa, was shown on ITV and S4C respectively, with pupils using the new bike fleet equipment for the cycle training.

### **Active Travel**

The latest phase of cycleway is currently under construction in Sophia Gardens. The route will eventually link the City Centre with residential communities in Pontcanna and Llandaff and, eventually, to the new housing developments in the north west of the city. The current work provides a safe route for cyclists away from vehicles and will help reduce conflict with pedestrians along the Taff Trail. The scheme also avoids the felling of any trees. Details on the scheme can be found at: <https://keepingcardiffmoving.co.uk/project/cycleway-4-1/>

As I mentioned in my previous Council Statement last month, I was pleased to join John Jackson from BusinessNewsWales' Built Environment section recently to discuss the boom in cycling and active travel in Cardiff. A copy of the article based on this discussion can be found at: <https://businessnewswales.com/cardiff-cycling-streets-ahead/>

## **Bus Emergency Scheme Funding and Buses**

Bus Emergency Scheme (BES) funding to increase bus service levels in Cardiff has been allocated to the end of October 2020, with a further £35m approved by the Minister for Economy, Transport and North Wales (as BES 1.5) to cover the period from 1 October 2020 to 31 March 2021. The previous BES Phase 1 funding may also be carried on until the end of the financial year, using data from 2019/20. Work is continuing on BES Phase 2.

**Councillor Caro Wild**

**Cabinet Member for Strategic Planning & Transport**

**15 October 2020**

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**COUNCIL: 22 OCTOBER 2020**

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## **CULTURE & LEISURE STATEMENT**

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### **Co-operative Councils Innovation Network**

Cardiff Council has been a proud member of the Co-operative Councils Innovation Network (CCIN) since 2014 and was voted the first Co-operative Council of the Year in 2018. CCIN now comprises 33 member councils with combined budgets of £14billion, representing 8.8 million citizens across the UK, and is believed to be the fastest-growing network in local government. I am pleased to be the Council's representative on the network and have recently been elected vice-chair of the network's Executive Oversight Committee.

CCIN's annual conference was held between 6 and 8 October this year. Due to Covid-19, the conference was held virtually for the first time. The theme of this year's conference was 'Building Back Greener' and included two keynote speeches, three plenary sessions, six workshops and nine fringe events. The topics covered include turning social value into social outcomes; encouraging online participation with residents; co-operation during Covid-19; supporting the economy and jobs during the pandemic; supporting mutual aid groups post Covid-19; and tackling inequalities during Covid-19 recovery. I was delighted to be asked to speak as part of the panel on the last topic and share details of the excellent work taking place in Cardiff, both prior to and during Covid-19, to tackle inequality in all its forms as the primary focus of the Capital Ambition agenda.

### **Parks**

I am delighted to advise members that, following independent assessment earlier in the month, Keep Wales Tidy has confirmed that Green Flag status has been maintained for our twelve existing sites, and Forest Farm Nature Reserve and Hailey Park have also achieved the prestigious status for the first time. This achievement is particularly pleasing at a time when services have been under great pressure as a result of the Covid-19 pandemic, and reflects the hard work and commitment of officers and the significant contribution made by volunteers and community groups.

### **Sport & Leisure**

Notwithstanding the constraints arising from Covid-19, Cardiff Riding School, Cardiff International White Water Centre and Channel View Leisure Centre have all re-opened on reduced occupancy levels, with robust risk assessments in place to safeguard both staff and customers. Some very positive feedback has been received from our customers, with Channel View recording an increase in new memberships when compared with Quarter 2 of 2019/20.

Our 3G pitches have re-opened for use to clubs in compliance with the Football Association of Wales (FAW) protocols. Our grass pitches are being cut and marked in preparation for intra-club friendlies and training matches that are scheduled to commence next week, also following FAW protocols.

I can also report that, in response to Covid-19, Welsh Government and Sport Wales have announced a new grant scheme of £14 million to help restart the Sport and Physical Sector, with innovative opportunities being a priority for funding. My officers are active in supporting clubs and organisations through the application process.

**Councillor Peter Bradbury**  
**Cabinet Member for Culture & Leisure**  
**15 October 2020**

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## **FINANCE, MODERNISATION & PERFORMANCE STATEMENT**

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### **Credit Unions of Wales Awards**

International Credit Union Day is on Thursday 15 October this year and to mark the day, Credit Unions of Wales have announced the winners of their annual awards. I am pleased that Cardiff Council has been highly commended in the Payroll Partner (Public) category. The Council was recognised for its commitment to a payroll partnership with Cardiff & Vale Credit Union, which offers staff access to ethical savings and affordable loans. Currently, over 1,500 staff are members, making it one of the largest payroll schemes in Wales. The annual awards celebrate the positive impact that credit unions and financial co-operatives have on people's lives. Cardiff & Vale Credit Union is an award-winning credit union, which has been operating for over 25 years, and the award comes just weeks after they opened their new office in Working Street in the city centre.

### **Website**

The new version of the Cardiff.gov.uk/Caerdydd.gov.uk website was released on 24 September 2020, providing better accessibility for citizens and meeting Web Content Accessibility Guidelines (WCAG). Work continues to both review and implement further accessibility changes on all platforms, including the mobile app. In September 2020, Cardiff.gov.uk had 242,360 visitors viewing 909,569 pages, an increase of 60,000 page views from the previous month. The Covid-19 related pages on the website have now had 782,062 page views since they were set up in the early stages of the pandemic. In addition, information and guidance provided to citizens about the current restrictions has had 20,367 page views (up to 9 October 2020).

### **Mobile App/ Digital Services**

The ability to book and pay for bulky waste collections was released across the Council's mobile app and website during September 2020. This was in response to customer demand and, since the launch, over 60% of all bookings have been made through these channels. The app has now been downloaded 34,297 times, which is a 5.3% increase on the previous month; this represents one of the biggest monthly increases in downloads since the app was launched in 2018.

A booking system for Household Waste and Recycling Centres (HWRCs) is currently being developed, and remains on track to be released in November 2020, with reports for missed collections planned for release by February 2021. These services, when released, will be available on both the app and website.

### **BOBi (ChatBot)**

BOBi had 3,357 conversations with citizens in September 2020, with 83.1% of customers rating the experience as Very Good, Good, and OK. Following the successful implementation and launch of bag ordering through BOBi in September 2020, the development team is reviewing areas of re-use to work on other platforms. The team has created a proof of concept for an Alexa skill, which will allow citizens to use their Alexa devices to enquire when their bins are due for collection and to order free bags. The skill remains in the development stages; however, the team is on track to release the skill to beta testers over the next few weeks to gather user feedback and refine the process before a production version is released.

### **Connect to Cardiff (C2C)**

C2C has remained busy throughout September 2020, with 49,760 calls and 5,390 emails offered; this is within the context of many call centre staff continuing to work from home where possible. The team within the contact centre also handled 12,074 social media messages and 2,437 web chats. The most popular subject for posts was “Coronavirus”, with 4,281 messages on this topic. Both Facebook and Twitter saw an increase in followers during this period.

### **Wales Interpretation and Translation Service**

Wales Interpretation and Translation Service (WITS) had another successful month with 1,471 assignments completed in September 2020; 55% of the assignments were for Health partners. A further 555 requests have been scheduled for the coming months, with interpreter provision at 99.35% of all requests.

### **CIPFA Trainee Accountants**

The Council has continued to invest in the provision of Trainee Accountant positions. Three Trainee Accountants (Jessie Atkinson, Amanda Atkins, Jim Wilcox) have recently passed their second year exams. It is particularly pleasing that, this year, Jessie has won three national awards from CIPFA, the sponsoring accountancy body, and is one of the best performing candidates in CIPFA’s Professional Qualification exams. All three trainees are expected to qualify next year.

**Councillor Chris Weaver**  
**Cabinet Member for Finance, Modernisation & Performance**  
**15 October 2020**

**COUNCIL: 22 OCTOBER 2020**

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## **HOUSING & COMMUNITIES STATEMENT**

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### **Homelessness**

I am pleased to note that the first of our longer-term homelessness schemes has opened. Ty Casnewydd on Newport Road offers 42 units of good quality accommodation for single homeless people. The opening of this project has allowed the closure of the facility at the OYO Hotel in Riverside, which is no longer being used by the Council. Work is also progressing to deliver the Homeless Assessment Centre, with work on the accommodation units due to start this month.

Pressure on homelessness services continues, particularly with regard to single people. New rough sleepers are being identified regularly by our Outreach Team and are accommodated as soon as possible. The team also continues to work with more entrenched individuals to encourage them into accommodation.

In order to provide further support, the multi-disciplinary team has been expanded and now includes an additional counsellor, substance misuse worker and therapeutic worker. An occupational therapist with a specialism in mental health is also due to join the team shortly. Psychology and psychiatry input has been agreed with Cardiff & Vale University Health Board, and the best way of delivering this is currently under discussion. South Wales Police and the Probation Service are also represented on the team. The development of the team really highlights the commitment of all the statutory partners in Cardiff to addressing this difficult issue.

From time to time, positive case studies are shared on the Council's social media channels about individuals who were homeless, but have come into accommodation and received the support they need from our services to get their lives back on track. The posts about how we're helping to achieve real change in people's lives and are a great way to showcase our excellent services and I'd like to ask members to show their support and help raise awareness of services by sharing these success stories on their own social media channels.

### **Hubs**

Cardiff North Hubs at Whitchurch and Rhydypennau re-opened in September 2020 following refurbishment. The Hubs will operate on an appointment-only basis (except for emergencies or to collect recycling bags), providing click & collect library services, general council enquiries and access to PCs. The Money Advice and Job Club services will commence from November 2020. Appointments can be made via the Adviceline on 029 2087 1071 or by email [AdviceHub@cardiff.gov.uk](mailto:AdviceHub@cardiff.gov.uk). The Hubs have already seen an increase in the number of pre-booked appointments.

I am also delighted to announce that a brand new Community Hub Events website (<http://www.cardiffhubs.co.uk/>) will be launching later this month. The website will focus on a wide range of online activities, ranging from rhyme time, story time, coffee and chats, low-impact fitness training and Goldie's Cymru singing sessions. The website is easy to navigate with lots of content for all ages, including adult learning courses and our popular online Wellbeing Wednesday. Customers will also be able to access into work information, along with money advice and information on our current library services. A customer 'contact us page' has also been added for any additional queries. The site is bright and welcoming and I look forward to the launch on 26 October 2020.

### **Housing Development Programme Update**

Our housing development programme continues to deliver new council homes built to high standards, with 909 new homes coming through our development process to date:

- 381 new properties have been completed and handed over to tenants;
- 178 new homes are currently being built on site;
- 101 properties are out to tender for a contractor;
- 145 new homes have planning approval; and
- Proposals for 104 new homes are awaiting planning approval.

On top of this, we have a development pipeline that will deliver a further 1,824 new homes, which forms part of an overall development programme that is capable of delivering just over 2,700 new council homes across 59 development sites in Cardiff. We have also bid successfully for five Welsh Government Innovative Housing Grants, attracting over £8.7 million in funding to support the delivery of innovative and low-carbon housing schemes.

Although the 2019/20 year-end was impacted by the Covid-19 pandemic, we were able to deliver 230 new affordable homes in comparison to a total of 226 new affordable units delivered by our partner RSLs in the year. We have also made progress on some substantial land acquisitions, including completion of the former Gasworks site in Grangetown, which is capable of delivering 500 new homes.

**Councillor Lynda Thorne**  
**Cabinet Member for Housing & Communities**  
**15 October 2020**

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## **CLEAN STREETS, RECYCLING & ENVIRONMENT STATEMENT**

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### **One Planet Cardiff Strategy**

I am pleased to confirm the launch and approval by Cabinet on 15 October 2020 of the new 'One Planet Cardiff' strategy. This sets out the Administration's response to the Climate Emergency and how we will work in partnership with stakeholders to achieve our vision of a carbon-neutral Cardiff by 2030. The strategy focuses on seven key themes; energy; built environment; green infrastructure and biodiversity; transport; waste; food; and water. A five-month consultation process will now begin, where residents and businesses will help us to shape and prioritise the wide range of potential projects and actions that are proposed within the strategy.

Whilst the Covid-19 pandemic has taken up a significant amount of the Council's time and resources in recent months, the Administration remains as committed as ever to tackling the Climate Emergency, an existential threat to which Cardiff, as a coastal city, is particularly vulnerable. The Council's response to the pandemic has laid a strong foundation to build back Cardiff as a greener city, namely through the improved air quality in the city centre, new cycling infrastructure, increased active travel and increased use of local shops and services. This progress is highly encouraging, but our work in this area will also need to address the emerging economic crisis. The 'One Planet Cardiff' strategy is therefore aimed at integrating our environmental and economic ambitions, ensuring that we lead a green economic recovery based on creating jobs that will help build a sustainable future for our city.

The ambitions are challenging and will need action in many different areas, but we have a good starting point. Many of the Council's recent and current projects are already focussed on delivering carbon reduction and climate resilience. These include LED street lighting schemes; energy efficiency improvements in domestic and Council properties; Radyr Weir; over 1.3 megawatts of roof mounted solar installations; flood resilience initiatives like Greener Grangetown, and significant changes to our waste disposal processes. Other key Council strategies such as the Transport & Clean Air White Paper, our biodiversity action planning, the Food Strategy, plans for the Heat Network, and energy efficient schools and Council housing developments also contribute directly to our carbon reduction ambitions. However, we know that we need to do more and that we'll need to do this in a context of Covid-19 recovery and difficult economic circumstances. The consultation process is therefore vital for us, and will be accompanied by detailed carbon modelling and business planning activities. This exercise will help us to identify and prioritise those projects that will have the highest impacts, both for the Climate Emergency and the Covid-19 recovery. It will help us to ensure that our resources, and those of our many delivery partners, are targeted in the most effective directions in the final strategy next spring.

Linked to this agenda, I'm also very pleased to confirm that the Lamby Way Solar Farm is now complete and awaiting connection to the grid. Over 30,000 panels have been

installed despite the big challenges posed, first by storms and then by the Covid-19 lockdown. The 9MW facility will offset approximately 2,200 tonnes of CO<sub>2</sub> per year and produce enough energy to power the equivalent of almost 3,000 homes. The next phase of the project will be to connect the solar farm to the nearby Welsh Water treatment works on Rover Way, helping to further decarbonise the processing of the city's waste.

### **Clean Air**

I am pleased to announce that, on 2 October 2020, the Council launched the Clean Bus Retrofit Scheme for bus operators in Cardiff. The scheme allows operators to apply for funding to retrofit older buses within their fleets that do not meet the latest emissions standards with approved technology, therefore allowing them to comply with such standards. The technology is designed to reduce harmful emissions and will help reduce air pollution across the city as part of our Clean Air Plan.

Provisional results indicate that there has been a significant decrease in Nitrogen Dioxide (NO<sub>2</sub>) levels in the city centre and across the city more widely in recent months. The impact of Covid-19, less traffic on the roads generally and more people choosing to walk and cycle has seen NO<sub>2</sub> levels reduce by 52% in the city centre between May and August this year, compared with the same period last year.

Air quality improvements have also been seen in other parts of Cardiff where Air Quality Management Areas, which were close to, or in breach of the legal limit, saw significant decreases in NO<sub>2</sub>, including Stephenson Court in Plasnewydd, which saw a fall in NO<sub>2</sub> of 35%; Llandaff dropped by 30%; and Ely Bridge fell by 25%. All data was compared with the period from May to August last year.

### **Garden Waste Collections**

Regular garden waste collections will not take place from November 2020 to February 2021. The decision has been made to support resilience in service delivery due to the ongoing implications of Covid-19. Although good controls are in place to limit workplace transmission of Covid-19, there are several officers being impacted by community transmission and the requirements of isolating.

Fortnightly collections will remain in place during October 2020 and will be reinstated from March 2021 to support residents to clear their gardens. The Household Waste Recycling Centres (HWRCs) will remain open, however, and will continue to accept garden waste.

A single collection will also take place after Christmas 2020 to support the removal of Christmas trees. These should be cut up and placed in the green bins or bags. Other garden waste placed in the bin or bags will also be accepted in this collection.

Media messaging will take place to ensure residents are aware of the changes and further messaging will take place at Christmas, as well as in March 2021, when services are recommenced.



## **Leaf Fall Removals**

Leaf fall removals began on 12 October 2020 and will continue through to December 2020. Teams will target hotspot routes within key areas to ensure that highway drains are free from obstruction.

## **Grant Funding**

Recycling Services have successfully applied for funding from Welsh Government's £6.5m Circular Economy Fund to support several projects across the service. The main aim of the Circular Economy Fund is to support greener collection of waste/recycling and to improve recycling services. The successful projects are:

- The use of a new vehicle to promptly pick up any waste collected by volunteers through the Love Where You Live scheme.
- The delivery of a new reuse shop 'The Cabin' at the Lamby Way HWRC.
- The use of small electric vehicles to collect business waste and recycling within the city centre, improving air quality and the street scene environment.
- The development of a mobile Benthylg & Repair Café.
- The improvement of messaging and signage at both HWRCs.

A grant has also been received from the Ultra-Low Emission Vehicles Fund, which will be used to provide one of the first electric refuse collection vehicles in Wales.

## **Student Recycling Education**

Officers have completed the annual student education and engagement campaign, which helps explain to students how to correctly present their household recycling and waste, as well as advertising the CardiffGov app. Officers knocked the doors of over 5,000 properties in the Cathays and Plasnewydd areas, with face-to-face conversations being undertaken with 30% of students. App downloads in September 2020 saw the highest monthly increase since the app was launched, highlighting that students have engaged with the campaign. In addition, the team identified 1,676 properties that required additional capacity for non-recyclable waste, based on the number of residents within the property.

## **RSPCA PawPrint Awards 2020**

I am pleased to inform members that Cardiff Council has again been successful in the annual RSPCA PawPrints Awards, receiving Bronze in Contingency Planning, Silver in Kennelled Dogs and Gold in the Stray Dogs categories this year. Cardiff Dogs Home has won at least one of these awards every year since 2008. The awards recognise not only the Council's hard work and commitment to animal welfare and by everyone at Cardiff Dogs Home, but also the high standard of kennelling provided and the commitment of the team to look after every single dog that finds itself in their care, in the best way possible.

## **Cardiff Dogs Home**

Cardiff Dogs Home has continued to effectively manage stray dogs from Cardiff, Penarth and Barry during the local lockdown. The contract with South Wales Police now accounts for 25% of the kennels being used, which is very positive as an income stream. South Wales Police are keen to extend this contract and discussions are due to take place before the end of this month.

A basic vet service is also in the process of being set up at the Dogs Home. This agreement will enable Cardiff Dogs Home to have veterinary services on site at no cost. The Dogs Home is also caring for dogs whose owners are in hospital.

The Rescue Hotel has almost 16,000 followers on Facebook. Former Wales and British Lions rugby team captain, Sam Warburton OBE, has signed up as an Ambassador for the Rescue Hotel and is going to visit at the end of October 2020 to start the process of raising funds for the refurbishment of the kennels. The current captain of Cardiff City Football Club, Sean Morrison, also visited on 15 October 2020 to film a promotional video of the Dogs Home and an interview with ITV.

The Rescue Hotel recently arranged a 'Miles for Smiles' challenge, where people could sign-up to complete a sponsored walk of a length of their choice. A Facebook page was set up to share updates and photos of individuals' progress, which also provided a good support network for those taking part. Miles for Smiles has so far raised just under £14,000. This will now become an annual event and is just one example of how the Rescue Hotel has adapted to raising funds online for the Dogs Home while it is not possible to run events due to Covid-19.

### **Bereavement Services**

The work on the new Cardiff North Cemetery is progressing well, with works on target for completion by the end of the year. After considering a number of options, the Cabinet has agreed that the name of the new site will be Mynwent y Gogledd / Northern Cemetery.

Green Flag Awards have been retained by the Cemetery of the Year winner, Thornhill Cemetery, and also by Cathays Cemetery.

In partnership with Sands, the stillbirth and neonatal death charity, a virtual 'Wave of Light' event was held on 15 October 2020 to mark Baby Loss Awareness Week. Representatives from local Sands groups lit a candle on behalf of bereaved parents and the short service was streamed online via the Sands group.

The annual Remembrance Service, held at the Cross of Sacrifice in Cathays Cemetery, will take place on 10 November 2020, but this year's service will have to be scaled down due to Covid-19 restrictions. Two representatives from local schools will attend.

### **Registration Services**

Work continues to manage the backlog of birth registrations created by the previous national Covid-19 lockdown earlier this year. Over 110 births occur in Cardiff each week and the lockdown caused a backlog of over 2,800 registrations. However, good progress has been made to address this, with staff working additional hours to ensure that families can register births.

**Councillor Michael Michael**  
**Cabinet Member for Clean Streets, Recycling & Environment**  
**15 October 2020**

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## **CHILDREN & FAMILIES STATEMENT**

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### **Cardiff Family Advice and Support**

Last month, three Primary Mental Health Workers joined the Cardiff Family Advice and Support (CFAS) team to support the work of the Early Help Practitioners. They will also have a key role in being trusted referrers into health services, such as Child and Adolescent Mental Health Services (CAMHS) and the Neurodevelopment team, for children and young people requiring a specialist medicalised assessment. They have completed a comprehensive induction programme and finalised referral pathways within Early Help so that they can begin supporting families and practitioners. Work is also underway to develop a core data set, which will include both quantitative and qualitative data based on the work that they undertake. Further discussions are ongoing with the wider emotional and mental health care group within Cardiff & Vale University Health Board in order to ensure that wider referral pathways are defined and communicated to Early Help staff.

### **Cardiff Parenting**

Cardiff Parenting continues to utilise virtual and digital media while home visits and groups are suspended. 1,839 contacts with parents and carers were made last month via telephone and video calls in order to deliver both formal and informal parenting programmes. They are also continuing to deliver activity packs to families. Preparations, including training, are being made for staff to increase “live” group delivery online, taking into account data protection and safeguarding guidance.

Formal parenting programmes of GroBrain, Parent Nurturing Programme and Talking Teens are being offered online, with some additional informal Flying Start digital groups, including Little Cooks @ Home, Rhyme Time and Story Time. Staff have also been contributing to Family Links’ promotional video and supporting the creator of GroBrain with the development of a standardised evaluation protocol, which teams will be able to use going forwards.

### **The Childcare Offer**

Applications for the Childcare Offer, from parents with children eligible to access the offer in the autumn term, opened on 1 September 2020. By the end of last month, a total of 1,034 Cardiff children were benefitting. A further five childcare settings have now signed up to provide the childcare offer, bringing the total to 362. Since April 2020, £2,327,655 has been spent providing funded childcare for eligible working parents in Cardiff.

## **Coronavirus – Childcare Assistance Scheme**

The Childcare Assistance Scheme is providing funding for pre-school childcare for key workers and vulnerable children during the Covid-19 pandemic. Between April and August 2020, £1,621,949 was used to support 484 families, with up to 456 children of key workers and 20 vulnerable children supported per week.

## **Childcare Provider Grant**

Since the launch of the Childcare Provider Grant by Welsh Government in August 2020, three childcare providers, two childminders and one playgroup in Cardiff have received grant funding, and a further two settings have submitted applications which are currently being assessed. Childcare settings are reminded that the grant will close on 31 October 2020. Further information is available on the Welsh Government website at: <https://gov.wales/apply-childcare-providers-grant-coronavirus> or can be obtained by contacting the Childcare Business Support Team by email: [childcarebusinesssupport@cardiff.gov.uk](mailto:childcarebusinesssupport@cardiff.gov.uk)

## **Cardiff International White Water – Free Sessions for Children Looked After**

Over the weekend of 10-11 October 2020, Cardiff International White Water (CIWW) offered a range of free activities for Children Looked After, and their families from across Cardiff. A range of activities, including white water rafting, tubing and the Air Trail high ropes, were offered for children aged 6-12 and 12+ for either 1.5 or 2 hour sessions. All the activities took into consideration height restrictions and current Covid-19 precautions. It provided a great opportunity for Children Looked After to experience different outdoor activities, and we look forward to hearing back from those who were involved about their experiences. My thanks go to Ben Longhurst and his team at CIWW for their continued support and the training opportunities provided to our care experienced young people.

## **Multi-Agency Safeguarding Hub (MASH) Update**

I am pleased to report that Cardiff's Multi-Agency Safeguarding Hub (MASH) is now fully staffed and no longer reliant on agency staff.

## **Care Inspectorate Wales (CIW) – New Approach to Social Services Inspections**

Care Inspectorate Wales (CIW) have made a decision to amend their operating model for the inspection of social services in the light of the Covid-19 pandemic. They are in the process of visiting all 22 local authorities in Wales and will be using a virtual approach. CIW will be looking for evidence of local authorities and partners having learnt lessons from their recent experiences of Covid-19 and their plans for service developments. They will consider how well local authority social services continue to help adults, children and carers at this difficult time, including their plans to sustain services into the future. Cardiff's review is planned for November 2020.

**Councillor Graham Hinchey**  
**Cabinet Member for Children & Families**  
**15 October 2020**

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## **SOCIAL CARE, HEALTH & WELL-BEING STATEMENT**

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### **Dementia Friendly Cardiff Website**

Dementia Friendly Cardiff, a partnership between Cardiff Council, Alzheimer's Society and Cardiff & Vale University Health Board (UHB), has continued its work to make Cardiff more Dementia Friendly, despite the challenges we have all faced this year.

On 1 October 2020, the International Day of Older Persons, Dementia Friendly Cardiff launched a new website: [www.dementiafriendlycardiff.co.uk](http://www.dementiafriendlycardiff.co.uk). Public consultation had told us that, whilst good information and services are available, it can be difficult to navigate what is available locally. Informed by the consultation, the Council's Web Team created an accessible and bilingual website, which meets the needs of the city through partnership working.

Not only does the site look fantastic, but also it provides a one-stop shop for individuals living with dementia, in terms of events, health information, council services and will, in future, offer opportunities for local business to join us in becoming Dementia Friendly. I implore you to take a look at the site, and to signpost members of the community who are living with dementia and looking for local support.

### **Independent Living Services**

Increased numbers of people are presenting to Independent Living Services with more complex needs compared to the position prior to Covid-19. This has resulted in an increased demand on services, as shown by the figures below:

- **Demand for adaptations**  
Referrals for adaptations saw an increase of 147 requests compared to last year (September 2020 = 297; September 2019 = 150)
- **Profiling beds and complex equipment**  
Same/next working day deliveries increased by 18 compared to last year (September 2020 = 36; September 2019 = 18)
- **Social care assessments**  
Assessments sent to Social Care for full assessment increased by 58 compared to last year (September 2020 = 119; September 2019 = 61)

The First Point of Contact (FPOC) service has seen a 21% increase in total calls compared to this time last year and continues to resolve, on average, 80% of calls without onward referral to social care. However, due to the increases in calls, the number requiring social care referral is also rising. It is concerning that FPOC are seeing more people presenting with increased anxiety and suicidal thoughts

connected primarily to social isolation and loneliness. And, although welfare calls are offered across the service for those known to be isolated, and attendance and participation at online groups is encouraged, people are missing social contact.

Over the last few months one solution has seen the Independent Living Services team working with 25 groups to ensure virtual social events can take place. One such example is our new online monthly reminiscence sessions in partnership with the Museum of Cardiff.

### **Customer Service Hero Award 2020**

I want to pay tribute to and congratulate the Independent Living Services team who took top spot in the Council's vote for this year's Customer Service Hero Award. These awards aim to recognise and celebrate customer service excellence. The team were recognised as part of the #WorkingForCardiff campaign for helping vulnerable residents requiring care and support to remain independent at home, ensuring adults and their carers have voice and control in maintaining their independence. Since the start of the pandemic, the team has taken just under 10,000 phone calls from individuals and family members, and worked tirelessly to adapt their service to continue essential work.

In addition, the Hospital First Point of Contact team (known as the *Pink Army*) has been awarded runner-up in the Cardiff & Vale University Health Board Staff Recognition Awards for 'amplifying our strategy'. This clearly demonstrates the success achieved by the team in aligning health and local authority services to provide the best outcomes for individuals.

I am sure that all members will wish to join me in congratulating both teams on being recognised for their work in continuing to deliver essential services, particularly during the pandemic.

### **Occupational Therapy**

The Community Review Occupational Therapy (OT) team, in partnership with the Hospital First Point of Contact and Hospital Social Work teams, have agreed a new process for patients discharged from hospital with packages of care. The aim of the service is to facilitate timely discharge from hospital, ensuring that the care package is the right size, delivered at the right time, and in the right place.

The service is intended for individuals requiring small increases to current care packages to provide more intense help for short time periods to support timely discharge. It is hoped that providing OT support as close to discharge as possible, will support the rehabilitation process, resulting in the right-sizing of care. Importantly, these care packages will be kept under review.

To expand both the communication tools and assessment options available to individuals, the OT team have commenced work to deliver virtual assessments using video technologies, such as Microsoft Teams. All teams have had to adapt to both new ways of working and new technologies, and Independent Living Services are adapting their approach to providing services to individual where appropriate.

## **Winter Pressures**

Independent Living Services have been granted additional funding through Cardiff & Vale Regional Partnership Board to recruit seven additional contact officers to provide support in response to winter pressures. The additional funding will enable the team to expand their service in supporting hospital discharge. The team will now be present at University Hospital Llandough, St David's Hospital, and the Emergency Unit at the University Hospital of Wales.

## **Fundraising for Amelia Trust Farm**

Bernie has been supported in The Mount for the last six years and really enjoys living there. After seeing the fundraising efforts of Captain Sir Tom Moore on TV, she wanted to raise some money for Amelia Trust Farm, which she enjoys visiting and was impacted by the Covid-19 lockdown. The Independent Living Services team supported Bernie to develop a chart to track her circuits of the garden, providing encouragement and support and helping her raise some money. Bernie completed 200 laps of the garden over two weeks and raised £43 for Amelia Trust Farm, which has given her lifelong membership of the farm as a 'thank-you' for her fundraising efforts. She has also received a special certificate from the team in recognition of her efforts and plans to do further fundraising for a different charity in the future.

## **Learning Disabilities Risk Assessment Clinic**

Since the beginning of the Covid-19 pandemic, the Learning Disabilities Supported Living Team has worked closely with our supported living providers and shared lives/ adult placement provider on risk assessment work. Work was initially focused on safe hospital discharge and ensuring the 14-day isolation post-discharge requirement on moving into Supported Living. This developed as lockdown was eased, and leading to increased requests for risk assessments, for example, for those with extended household arrangements, and holidays/ short breaks.

Due to the large rise in requests, a risk assessment clinic was developed in September 2020, and held weekly ever since. This was achieved through partnership working with providers. An allocated Learning Disabilities Supported Living Worker assesses each case and provides advice and support to providers, accessing support from Public Health Wales. There has also been input from other key members of an individual's multi-disciplinary team, including GPs, case managers and other relevant health colleagues.

The clinic has quickly become a success, improving the quality of risk assessments being undertaken with a more holistic approach, allowing more considered risk assessments and in a timelier manner. This has reduced the pressure on the Operational Manager and Silver Command, and supported better conversations. Where requests cannot be fully met, the team is working with individuals and their families to find a lower risk alternative. The outcome of this has been that individuals and colleagues feel more supported and there have been positive outcomes for all involved.

### **Ty Canna Animation Project**

A group of individuals from the council's Mental Health Outreach Service, Ty Canna, has provided artwork and writing for an animation that reflects their lived experiences of mental health conditions, coinciding with World Mental Health Day on 10 October 2020. Entitled 'Diamond', the video was produced over a period of three months, from May to July 2020, as part of the 'Beyond the Label' project funded by the National Lottery, which is a collaboration with Ty Canna and Breath Creative, who offer co-creative arts for well-being. The project has been beneficial to individuals who engage with Ty Canna services, with a number of contributors sharing feedback about how the creative process has improved their mental health.

### **Care Inspectorate Wales (CIW) – New Approach to Social Services Inspections**

Care Inspectorate Wales (CIW) have made a decision to amend their operating model for the inspection of social services in the light of the Covid-19 pandemic. They are in the process of visiting all 22 local authorities in Wales and will be using a virtual approach. CIW will be looking for evidence of local authorities and partners having learnt lessons from their recent experiences of Covid-19 and their plans for service developments. They will consider how well local authority social services continue to help adults, children and carers at this difficult time, including their plans to sustain services into the future. Cardiff's review is planned for November 2020.

**Councillor Susan Elsmore**  
**Cabinet Member for Social Care, Health & Well-being**  
**15 October 2020**



**COUNCIL: 22 OCTOBER 2020**

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## **EDUCATION, EMPLOYMENT & SKILLS STATEMENT**

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### **Covid-19 Position in Schools**

All schools in Cardiff are aware of the protocols for what to do in the event of a positive Covid-19 case. They all have access to a Health & Safety and Educational Management team link for their school, as well as advice from the Assistant Director of Education & Lifelong Learning and the Operational Manager for Health & Safety, following notification of a positive case. In the event of a positive case, all mitigation factors are discussed with each school to ensure that appropriate infection control measures are being implemented. In a small number of cases, an additional meeting is convened between representatives from the school, Education, Health & Safety and Public Health Wales in order to implement further measures. Local councillors are also informed when there are positive cases in schools.

As at the week beginning 12 October 2020, there have been 104 positive cases in schools in Cardiff, with less than half of the schools in Cardiff not having a case as yet. Of those positive cases, 70% were pupils, with the other cases relating to teaching and support staff.

Since September 2020, 3,700 pupils and 150 staff have had to self-isolate as a result of being identified as a close contact. This represents under 7% of the pupil population and less than 2% of staff.

### **School Catering**

The provision of school meals has now restarted in the majority of schools across the city. Provision has started with a limited menu offer, but this will be stepped up and extended over the coming weeks as staff and pupils get used to new working arrangements within schools. For those pupils eligible for Free School Meals, who have been instructed to isolate as a result of Covid-19 cases in their school, the School Catering service has arranged to provide a supermarket voucher for their period of isolation.

The Welsh Government also announced this week that it has allocated an additional £11m to guarantee the provision of Free School Meals for all school holidays up to and including Easter 2021. Ensuring the continuation of Free School Meal provision has been a key priority for the Welsh Government as it has responded to the Covid-19 pandemic. I know that this good news will be both reassuring for, and very much welcomed by, families in Cardiff.

## **Attendance**

Current attendance in primary schools is 85%; in secondary schools is 77.20% and in special schools is 70.32%. Schools have worked hard to ensure that pupils have returned to school, but some challenges remain. Schools are reporting that there are still significant numbers of pupils whose families remain anxious due to Covid-19 and are reluctant for them to return to school. A small number of families also remain shielded due to the extreme medical vulnerability of either the pupil or a family member.

With an increase in the number of pupils who have tested positive for Covid-19 since the start of September 2020, the impact of pupils being sent home and required to self-isolate has resulted in a drop in attendance figures in recent weeks. In addition, a significant number of pupils who had travelled overseas have not yet been able to return, or are back in the country but have had to quarantine before returning to school.

The Council has been required to realign data collection processes in order to meet revised Welsh Government reporting requirements. Instead of a weekly data collection from schools, this is now being done on a daily basis and has resulted in some data quality issues. Officers are working with schools to help them resolve these issues. As a result, we anticipate that the current position on school attendance may actually be more positive than the recent figures suggest.

## **Key Groups Update**

The Key Groups teachers and teaching assistants have returned to schools, supporting Ethnic Minority/English as an Additional Language (EAL) pupils and More Able and Talented (MAT) pupils. Other team members are providing support remotely or in accordance with the guidelines for school visits. If certain groups or individuals have to self-isolate, the Key Group team will support schools to ensure that pupils have access to learning at home. This includes continued access to digital devices and access to the internet. The team continues to link closely with local authorities across Wales, alongside Welsh Government, so that good practice is shared.

The Looked After team is continuing to work closely with schools and Children's Services to ensure that children who are Looked After in Cardiff have access to a good education. Designated teacher forums, which are now delivered remotely, ensure that the central team remains connected to the leads within schools and that innovative practice is shared.

## **Youth Support**

The Youth Service has supported large numbers of young people in the return to school and transition from school period. Carefully planned appointment-only, open-access provision has re-commenced at some centres. The main face-to-face contact is via the street-based and outreach teams, with nearly 500 young people accessing information, support and guidance and over 2,000 interactions. These interactions are across the age range (11 to 25 years), with over half relating to young people aged between 14 and 16 years old.

The Youth Service conducted over 1,500 young mentoring engagements throughout September 2020, with over 570 young people receiving mentoring support to help them engage in further education, training or employment. The service has also expanded its digital reach and has had over 100,000 contacts across its various platforms.

### **School Admissions**

Applications for secondary school places for admission in September 2021 opened on 28 September 2020. As of 6 October 2020, 2,132 applications had been received, which represents 50.6% of the Year 6 transfer group. The first round of applications closes on 23 November 2020.

It is extremely important that parents apply on time in order to have the best possible chance of securing a place in one of their preferred schools. The child-friendly “7 Tips to Apply” admissions campaign, which is designed to support families in applying for a school place and provides related guidance, is now live and available in nine languages and can be viewed at: <https://www.youtube.com/watch?v=ZqFFf-qb0HU>. Schools, council services and wider community partners are helping us to ensure that these messages reach as many families as possible across the city and I would also urge members to help direct parents to this information.

Applications for Reception places in primary schools for admission in September 2021 will open on 16 November 2020.

### **Qualifications 2021**

On 28 August 2020, the Welsh Government Minister for Education issued a [Written Statement](#), which provided an update on the independent review of the arrangements for awarding grades for the 2020 summer exam series, as well as considerations for 2021. This is expected this month before the October half term. At the time of writing, the WJEC November 2020 and January 2021 series examinations were due to go ahead as planned. The WJEC has published GCSE and AS/A Level subject adaptations booklets for assessments in summer 2021. In addition, the summer 2021 provisional exam timetable has been published, including a contingency period starting from end of June 2020.

### **Period Dignity Programme**

In response to the school closures in the summer term during lockdown, female students in Years 7-13 in receipt of Free Schools Meals were provided with a £15 voucher to enable them to purchase period products. Additional period products were also provided in secondary schools when they reopened at the end of June 2020, and the next step is to provide schools (secondary-only) with eco-friendly disposable products, along with reusable products. This will be accompanied by guidance and educational materials for both schools and families.

**Councillor Sarah Merry**  
**Cabinet Member for Education, Employment & Skills**  
**15 October 2020**

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## **INVESTMENT & DEVELOPMENT STATEMENT**

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### **Covid-19**

The on-going adverse impact of coronavirus on the Cardiff economy cannot be overstated. Members will have themselves witnessed the effect on businesses across the city through the contact they will have had with business owners in their own wards. I fear the situation will get worse before it starts to get better.

The city centre fared better than most other cities in the UK following the end of the national lockdown in the summer. However, the drop in football following the introduction of local restrictions has been one of the most significant in the whole of the UK. Work is progressing to bring forward interventions that will support jobs in the retail and hospitality sectors in particular, whilst we continue to recognise the severity of the global public health crisis.

The Council has a critical role to play in influencing how Cardiff and Wales emerges from the crisis and how we restore economic prosperity for those we represent. It is for that reason that we will not relent from putting energy into those transformative projects that will drive more and better jobs for the people across the capital region.

### **Business Support**

The Council continues to work with colleagues in Welsh Government to administer support for local businesses. These include support for the freelance sector, where demand was so great that the full allocation of circa £350,000 in phase 1 was taken up in just over half an hour. Subsequently, the Leader of the Council has called on Welsh Ministers to provide additional funding to meet local demand.

The Council continues to engage with businesses to promote the uptake of national schemes, including the Economic Resilience Fund Phase 3 and the Kickstart apprenticeship scheme. These schemes enable businesses to invest in their response to the pandemic, and support them to emerge at the other side as productive and competitive businesses. We would encourage all city businesses to access the support that is available to them, and our Economic Development Team is ready and willing to speak with businesses to signpost them to appropriate schemes.

## **Indoor Arena**

Councillors will be aware that Cabinet will announce the preferred bidder for the Indoor Arena project in the next few weeks. I can confirm that we now have a private sector offer that meets the city's aspirations to deliver a top-tier UK arena. Unfortunately, the evaluation process could not be completed in time for a decision to be taken at the October cabinet meeting. I will, therefore, bring forward a report to the November meeting in order to complete the procurement process and announce the Council's partner.

I have listened carefully to the questions raised in the media by some Members who can now see the real progress that has been made by this Administration to deliver a project that the Council has aspired to deliver for some 25 years. The preferred bidder is absolutely confident that the Covid-19 pandemic will not lead to the end to live entertainment and are committed to invest in the project despite the public health crisis. Members will appreciate that the arena will not be open for business until 2024, by which time we must all hope and pray that, for the benefit of the human race, humankind will have developed a vaccine capable of controlling this deadly virus. At that time, peoples' pent up appetite to get out and enjoy life once more will mean that the progress we are making could not be at a better time.

## **East Cardiff Strategy**

The Administration continues to work to invest in our communities. Following the decisions taken by Cabinet last year, we have progressed with our plans in the East of the city.

Notably, we have been working with partners to secure investment in the Llanrumney Development Strategy, which will support the delivery of new road and bridge connection between Llanrumney and the A48. The development proposals will ultimately create more jobs and deliver more homes for residents in East Cardiff. I will bring a report to Cabinet in the near future which will set out the details of these proposals.

**Councillor Russell Goodway**  
**Cabinet Member for Investment & Development**  
**15 October 2020**



# CYNGOR CAERDYDD CARDIFF COUNCIL

**COUNCIL:**

**22 OCTOBER 2020**

## REPORT OF THE DIRECTOR OF GOVERNANCE & LEGAL SERVICES

### CITIZENS ASSEMBLY – ADVICE ON PROPOSED MOTION

#### Reason for Report

1. To provide Members with legal and financial implications advice in relation to an Ordinary Motion calling for the creation of a Citizens' Assembly.

#### Background

2. At the September Council meeting, an Ordinary Motion was submitted calling for the creation of a Citizens' Assembly.
3. Based on a review, which was carried out last year by officers in the Council's Cohesion and Community Engagement team, of other local Assemblies, it was estimated that the costs of a Citizen's assembly (including staff resource, fees for experts to present evidence, and reimbursement for low income participants) would be likely to be in the region of £100,000.
4. As there is no current budgetary provision for a Citizens Assembly, this Motion was deferred by the Chair under Council Meeting Procedure Rule 22(l) which provides that:
 

'(l) If any Ordinary Motion appears to the Chair to be not presently contained within the approved Council Budget for the year in question, it will still be included on the agenda for the meeting. However a statement from the Chair to this effect and stating that the Ordinary Motion shall be deferred to the next ordinary meeting of Council so that written legal and financial advice may be given to Members before the motion is debated.'
5. This report provides Members with legal and financial implications advice in relation to the Motion calling for the creation of a Citizens' Assembly, to inform the Council debate on this issue.

#### Issues

6. The Motion submitted at last month's Council meeting, and deferred for debate at this Council meeting, is as follows:

'Coming out of the Covid-19 Crisis: A Citizens Assembly motion

This council notes that: - The Covid-19 pandemic has shown how reliant we are on each other to get ahead, and what we can achieve when we work together. It has shown that we are all stronger when our public services are strongest. - It has also demonstrated the importance of recognising that there is no going back to the way things were. We are entering a critical moment; we have one chance to deliver meaningful change for the greatest number of people in our city and on our shared ambition for Cardiff. - However, we must do this with the residents of Cardiff, and not to them. All too often, in the rush to get things done since March, things aren't being done right, and residents as well as ward members are being informed rather than consulted about changes. - Whether we agree with the aims and objectives of proposed changes or not, it cannot be right that change is implemented in such a top-down manner, which risks stoking the potential for backlash from those who feel ignored and resentful, ultimately setting the city backwards on public engagement and progressive solutions to the city's pre-Covid 19 problems. - Citizens Assemblies are a body of citizens brought together to deliberate on issues of importance, they employ a cross section of the public to study options and propose answers through rational and reasonable discussion and through inquiry of experts, and they aim to reinstall trust in the political process by taking direct ownership of decision making. - Citizens Assemblies are representative and inclusive, allow for increased cognitive diversity, breach the border of direct democracy and allow for deliberation.

This council calls for: The creation of a Citizens Assembly to deliberate and provide real time feedback on the Cardiff Restart, Recover and Renew strategy in order that the proposed changes that will affect people in and around Cardiff are taken by a more representative and diverse cross section of the public, in the hope that we can reinstall trust in our political process through shared ownership of decision making, and take as many residents with us as possible as we move out of lock down, while still living under the constraints of a worldwide pandemic.'

7. In considering this issue, Members may wish to note that

The Cohesion and Community Engagement Team submitted a bid to the Welsh Government's Foundational Economy Fund last year. This bid scoped the costs of a 1 year Community Assembly programme at £100,000. This cost included staff resources, fees for experts to present evidence and reimbursement for low income participants. In doing so, we drew on information we reviewed from other local Assemblies, including Oxford's Climate Assembly, which took place over 2 weekends and cost £200,000.

In 2018, the UK Government funded 8 Citizens' Assembly pilots in England at a cost of £60,000 each. The lower costs being due to the fact that there was a centralised resource was provided by UK Government for participating Local Authorities to access, in order to support their local programme.

National level Citizen's Assemblies have been bigger in scope and typically more costly. The Northern Ireland Citizens' Assembly programme on the issues of 1) abortion 2) climate change 3) referenda cost 2.35 million euros over 2 years. Scotland's current Citizens' Assembly documents a cost of £1.4 million to deliberate on questions relating to the future of Scotland following EU-Exit.



## **Legal Implications**

8. A Citizens' Assembly is understood to be a representative group of citizens who are selected at random from the population to learn about, deliberate upon, and make recommendations in relation to a particular issue or set of issues. They have no separate legal status or formal decision making powers.
9. If a Citizens' Assembly is to be established, careful consideration should be given to setting clear terms of reference, making clear the scope of the issues within its remit, a fair and transparent process for selecting members, its procedures for meetings and making recommendations and reporting them. Further advice will be provided, as required.

## **Financial Implications**

10. Broadly, consideration needs to be given as to the likely cost required to set up and run the Citizens' Assembly; and the funding source identified for both set up and the ongoing running and support of the function.
11. In establishing a Citizens' Assembly, consideration should be given to both the setting up cost and the ongoing support costs required to operate on sustainable basis going forward.
12. In identifying set up costs, consideration should be given to the frequency of meetings and the engagement required from participants, as well as means to attract and select them. The running costs going forward need to ensure that staffing and equipment resources are available and any costs of engagement are covered. The examples given in the preceding sentences are not intended to be comprehensive, but are indicative of the type of consideration to be given.
13. Once costs estimates are developed, then the funding source for both set up and running costs needs to be identified. Consideration of grant funding opportunities or one off use of reserve could be areas to explore for the set up costs. For ongoing revenue requirements, then revenue budgets should be reviewed to see if any existing budget allocations can be repurposed, not least in relation to staff resources that are currently supporting other engagement activities.

## **RECOMMENDATIONS**

The Council is recommended to note the advice and information in relation to the establishment of a Citizens Assembly, as set out in the report, to inform its debate on the Motion in respect of this issue.

**DAVINA FIORE**

**Director Governance and Legal Services**

16 October 2020

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# **A Report of: Children & Young People Scrutiny Committee**

## **Annual Report 2019 – 2020**

### **September 2020**



**City and County of Cardiff**

## CHILDREN & YOUNG PEOPLE SCRUTINY COMMITTEE MEMBERSHIP



Councillor Lee Bridgeman  
(Chairperson)



Councillor Stephen Cunnah



Councillor Heather Joyce



Councillor Sian Elin  
Melbourne



Councillor Dan Naughton



Councillor Mike Phillips



Councillor Mia Rees



Councillor Kanaya Singh



Councillor Rhys Taylor

### Co-opted Members:



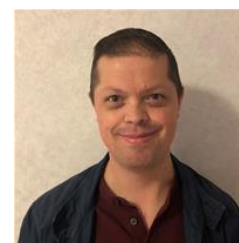
**Patricia Arlotte**  
Roman Catholic  
Representative



**Carol Cobert**  
Church in Wales  
Representative



**Karen Dell'Armi**  
Parent Governor  
Representative



**Matthew Richards**  
Parent Governor  
Representative

**Note:** The following Members and co-optees also served on this Committee during this period: Councillors P Hill-John (June – Sept 2019); Morgan (June 19 – Jan 20); Parkhill (Sept 19 – Jan 20); and Rebecca Crump, Parent Governor Rep (June 19 – Sept 19)

## CHAIR'S FOREWORD

I am delighted to present the Committee's annual report for 2019/2020. Firstly, I would like to thank both Members and co-opted members of the Committee for their hard work, knowledge, and understanding of the issues; and the support they have given me, which has made my job as Chair a whole lot easier. I would also like to thank the scrutiny officers, who offer an amazing amount of support not only for myself but for the whole of the Committee; I would particularly like to thank Martyn Hutchings, who supported myself and this Committee until his retirement earlier this year. I would also like to thank the witnesses who have spoken to the Committee, giving up their valuable free time, especially in the task and finish inquiries.

I would like to take the opportunity to thank Nick Batchelar and Claire Marchant who will both be leaving Cardiff Council very soon. I would like to commend them for their open, transparent and honest dealings with this Scrutiny Committee. Their recognition and understanding of the importance of scrutiny has been very much appreciated. It has been a pleasure working with you both, and I wish you very best wishes for the future.

I have been proud to chair this vital Committee; new Members joined the Committee this year, and I am delighted that the Committee continues to have a full quota of councillors and co-opted members this year, and I know that there are other members who would like to participate in the Committee, if a vacancy came about. This just shows me how important this Committee is within the structure of scrutiny.

As you will see from reading this report, the Committee has been involved in scrutinising some very important decisions that affect the everyday lives of young people who live in the city. As Chair, I am keen to give young people a voice. In 2018, I invited a representative of the Youth Council to attend all future Committee meetings, and the Youth Council has continued to provide a

crucial role in the work of this Committee in attending meetings, seeking advice, challenging decisions and holding decision makers to account.

The report below highlights the key work that we have undertaken from June 2019 to March 2020, where we had to stand down our work due to the Covid-19 pandemic. As ever, during the time we active, the Committee was very busy and I believe there are many fine examples of great scrutiny work within this report and I would like to think that you all agree. I look forward to chairing the Committee again in 2020/21 because, as I have previously stated, this is a vitally important scrutiny Committee, which, most importantly, looks at the decisions made by this council and how they affect the lives of our children in our beautiful city.



**Councillor Lee Bridgeman**

**Chairperson - Cardiff's Children & Young People Scrutiny Committee**

## INTRODUCTION

The Children and Young People Scrutiny Committee plays an important role in assessing service performance and informing service and policy development across a range of Council services, including all aspects of Education, Social Care for Children, Children's Play and the Youth Service.

This report presents the Committee's main activities during 2019-20 and uses wherever possible the National Welsh Characteristics of Good Scrutiny to ensure that there are:

- Better outcomes - Democratic accountability drives improvement in public service.
- Better decisions - Democratic decision making is accountable, inclusive and robust.
- Better engagement – The public is engaged in democratic debate about current and future delivery of public services.

Between June 2019 and March 2020 the Committee has scrutinised a wide range of topics contributing to the development and improvement of services for children and young people, a list of which is set out below under the following headings:

- **Inquiries** – Where the Committee has undertaken an examination of a topic over a period of time, resulting in a formal report to the Cabinet.
- **Policy Development** – Where the Committee has contributed to the Council's policy development processes by considering draft policy documents.
- **Pre-decision** - Where the Committee has evaluated and commented on policy proposals before they go to the Cabinet, giving the Cabinet

the opportunity to know Scrutiny Members' views prior to making their decision.

- **Monitoring** - Where the Committee has undertaken monitoring of the Council's performance and progress in implementing actions previously agreed. The Committee has also set up a Budget monitoring panel.

### **Inquiries Reports**

- ❖ Joint with CASSC - Preventing young people's involvement in drug dealing - Cabinet Response **(26th June 2019)**
- ❖ 'Preventing Young People's Involvement in Drug Dealing' - Further response and progress **(12th November 2019)**
- ❖ Child Mental Health - Draft Inquiry Report **(21st January 2020)**
- ❖ Out of County Placements - Inquiry Report - Progress Briefing **(10th March 2020)**

### **Committee Panels**

- ❖ Children's Services Performance reporting format - completed

### **Policy Development**

- ❖ Children's Services Directorate Delivery Plan **(11th June 2019)**
- ❖ Education Directorate Delivery Plan **(11th June 2019)**
- ❖ Central South Consortium's contribution to raising standards in Cardiff **(21st January 2020)**
- ❖ Education Strategy - Cardiff 2030 **(9th July 2019)**

### **Pre-decision Scrutiny**

- ❖ 21st Century Schools Band B - Redevelopment of Cantonian, Riverbank and Woodlands Schools **(11th June 2019)**
- ❖ Cardiff Children's Services Strategy **(9th July 2019)**
- ❖ 21st Century Schools Band B: Early Years, Primary and Secondary provision to serve Adamsdown and Splott **(9th July 2019)**



- ❖ Education Strategy - Cardiff **(8th October 2019)**
- ❖ SOP 21st Century - Early Years Primary and Secondary School Provision to serve Adamsdown and Splott **(21st January 2020)**
- ❖ SOP 21st Century - New Primary School provision to serve parts of Radyr, Morganstown, Creigiau, St Fagans and Fairwater **(21st January 2020)**
- ❖ SOP 21st Century - New school provision to serve parts of Pontprennau and Old St Mellons **(21st January 2020)**
- ❖ Draft Corporate Plan 2020-2023 and Draft Proposals 2020-2021 **(18th February 2020)**

### **Performance Monitoring**

- ❖ Children's Services Quarter 4 Performance Report **(11th June 2019)**
- ❖ Joint with CASSC - Local Authority Social Services Annual Report 2018-19 **(26th June 2019)**
- ❖ Wales Audit Office report - review of corporate arrangements for safeguarding of children **(24th September)**
- ❖ Cardiff & Vale of Glamorgan Regional Safeguarding Board Annual Report - 2018-2019 **(24th September)**
- ❖ Children's Services Quarter 1 Performance Report - 24th September
- ❖ Signs of Safety **(24th September 2019)**
- ❖ Provisional Performance of Cardiff's Schools 2018/2019 **(8th October 2019)**
- ❖ New Curriculum **(8th October 2019)**
- ❖ Cardiff Child Friendly City - Progress Report **(12th November 2019)**
- ❖ Review of Fostering - Progress Report **(12th November 2019)**
- ❖ Early Help and Prevention Briefing **(17th December 2019)**
- ❖ Regional Adoption Service Annual Report **(17th December 2019)**
- ❖ Corporate Parenting Advisory Committee Annual Report 2018-19 **(17th December 2019)**
- ❖ Young Offenders Progress Report **(17th December 2019)**
- ❖ Children's Services Quarter Two Performance Report **(17th December 2019)**
- ❖ Cardiff School's Annual Report **(21st January 2020)**
- ❖ SOP - Update Report **(10th March 2020)**

❖ Children's Services Quarter 3 Performance **(10th March 2020)**

The Children and Young People Scrutiny Committee has held 9 full Committee meetings, and one joint meeting with Community and Adult Services Scrutiny Committee since June 2019. As a result of the consideration of over 35 reports, covering policy development, pre-decision scrutiny, monitoring progress and service area performance, the Scrutiny Committee Chairperson sent 27 letters to the Cabinet and officers, which included requests for additional information, comments, and observations on items considered at the Committee Meetings. A number of meetings were webcast during the year, and these attracted 112 viewers.

## INQUIRIES

### **Joint with CASSC – Preventing Young People's Involvement in Drug Dealing - Cabinet Response (26th June & 12<sup>th</sup> November 2019)**

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The meeting on the 26<sup>th</sup> June 2019 gave Members the opportunity to scrutinise the Cabinet response to the joint task & finish report titled 'Preventing Young People's Involvement in Drug Dealing'.

The Joint Committee presented its Inquiry report into Preventing Young People's Involvement in Drug Dealing to Cabinet on 15 November 2018, and a full response to the report was approved by Cabinet on 18 April 2019.

The Inquiry report included 19 recommendations, from which the Cabinet response partially accepted six recommendations, fully accepted twelve recommendations, with one recommendation response outstanding.

The Committee felt that the Cabinet provided a very positive response to the report, accepted the response and asked that the Cabinet provide a future action plan in the autumn setting out timescales and details of exactly how the recommendations would be addressed.

Following on from the scrutiny of the Cabinet response on the 26<sup>th</sup> June, the Committee received an action plan at its meeting on the 12<sup>th</sup> November 2019. This item was supported by the Cabinet Member for Housing & Communities and officers from the People & Communities Directorate, and provided a more detailed response to each of the recommendations set out in the report. During the way forward Members made the following comments on the action plan:

- The Committee welcomed the opportunity to be briefed on the progress being made in implementing the recommendations arising from the Inquiry report, and were pleased with the amount of work already undertaken.

- Members noted that several Hubs were already offering groups the opportunity to open the facilities on an out of hour / weekend basis, however, they commented that the Hubs did not cover all areas of the City. The Committee suggested that additional venues should be investigated to widen access to support to more areas of the City.
  
- Members asked for clarification on the number of young people who were engaged in the Make Your Mark ballot, as it was felt that 5000 was a lower number than expected.

## Child Mental Health - Draft Inquiry Report (21st January 2020)

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to review, potentially amend and approve the draft inquiry report titled 'Child Mental Health'. The Committee agreed to undertake an inquiry into "Child Mental Health Support and Services" in September 2018 and worked to the terms of reference set out below:

- *To identify procedures in to help support Education staff and Pupils who feel they have Mental Health and wellbeing concerns and reduce the number of children & young people accessing the CAHMS services.*
- *To work in partnership with the Education Directorate, Children's Services, Youth Council and the University Health Board (CAHMS)*
- *To receive evidence from stakeholders and young people on the key aspects of the policy.*
- *To present the Policy to the Cabinet, University Health Board, Youth Council and key stakeholders.*

In carrying out its work the task group received evidence from a number of witnesses, including:

- Chairman of the Welsh Government Children & Young People and Education Committee;
- Welsh Government Education Staff
- The Children's Commissioner & Policy Officer;
- The Police & Crime Commissioner and Staff Officer;
- Child & Adolescent Mental Health Service Staff;
- Representatives from Action for Children;
- Samaritans;
- Wales Mental Health Foundation;
- A Cardiff University Researcher;
- The Former Deputy Head at Monmouth Comprehensive School;
- A Parents Group representative;
- Representatives from the Cardiff Youth Council.

The report made a series of key findings and 7 recommendations designed to support Child Mental Health in Cardiff. Recommendations from the report included:

- *The Cardiff Public Services Board must prioritise the strategic overview of services and support for child mental health and well-being, to ensure the effective coordination of provision across Cardiff. The strategy must deliver an integrated approach to children and young people's emotional and mental health support. The Strategic overview must also map all services and support for child mental health to identify any gaps or duplication in provision.*
- *The Public Services Board must ensure that all partners co-ordinate effective early intervention and support, as a graduated response, to provide resilience in young people for later life. The intervention and support must be effective and sustainable and made available to all schools to ensure that all pupils are able to access the preventative and intervention support they need. In addition the Board must review and investigate the capacity of the school nurses service and access to resilience workers.*
- *The Education Well-being and Resilience Strategy being developed by the Education and Lifelong Learning Directorate must ensure that schools have appropriate capacity and resources to support the management and operation of the various mental health and well-being initiatives and programmes and to fully engage with all training and initiatives.*

## **Out of County Placements - Inquiry Report - Progress Briefing (10th March 2020)**

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The meeting on the 10<sup>th</sup> March 2020 gave Members the opportunity to receive a progress briefing on the inquiry report titled 'Out of County Placements. The item was supported by the Cabinet Member for Families & Children, and officers from the Social Services Directorate. The Children and Young People Scrutiny Committee considered the Cabinet response to its inquiry "Out of County Placements" at its meeting on 11 December 2018, and this item provided a progress report on the implementation of the accepted recommendations.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Families & Communities that included the following points:

- With regard to fostering and the differences between Independent Fostering Agencies (IFA's) and in-house fostering, Members noted the past differences in approaches toward fostering by the authority and private companies and commended the work undertaken in addressing the disparity within this area. Members agreed with comments made that support for foster carers still required further development and was a crucial component in further addressing the disparity. In order to better understand the challenges, Members asked for a briefing note to detail the specific changes to packages for in-house Foster Carers and alliance of profits; a further breakdown of the comparative costs between IFA's and In-house fostering; and clarity on the recruitment target for foster carers over a 12 month period.
- In terms of a possible alliance with not for profit foster care providers, Members asked that this should be an avenue for further consideration, they asked for further information in terms of possible timescales and perceived benefits from such partnership working.

- In terms of the recruitment and retention of social workers, Members welcomed the comments with regard to this Committee undertaking a Task and Finish inquiry in this area, and asked for a breakdown of the known barriers within this field.
- With regard to Care Homes, Members noted and welcomed the comments made about the ongoing work, particularly around the development of an assessment unit which provides detailed multi agency assessment.



## COMMITTEE PANELS

### Central South Consortium Scrutiny Panel

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A Central South Consortium Scrutiny panel was set up in 2017 with the Chairs and officers from the five Local Authority's Scrutiny Committees (Bridgend, Cardiff, Rhondda Cynon Taff, Merthyr Tydfil and the Valle of Glamorgan). The statutory responsibility for the performance of schools resides in individual Local Authorities together with the associated Consortium's performance, with Consortium staff in attendance, however, the scrutiny of the Consortium itself is also essential, and an appropriate scrutiny structure needs to be put in place to consider the performance of the region, share best practice and information across all five Scrutiny Committees'.

The Panel met twice during 2019/20 with meetings scheduled shortly after each meeting of the Consortium's Joint Committee. In following its terms of reference the Panel considered the following items:

- CSC work in helping to support and advise schools on the design and implementation of the new curriculum - Verbal Briefing (**3<sup>rd</sup> July 2019**)
- The work of CSC and approaches to IT and keeping learners safer on line (**3<sup>rd</sup> July 2019**)
- Update on the ISOS review and way forward - Verbal Briefing (**3<sup>rd</sup> July 2019**)
- ALN – implementation of the new ACT (**4<sup>th</sup> October 2019**)
- Wider Impact of Technology (**4<sup>th</sup> October 2019**)
- Review of Scrutiny Panel : to review the role and status of the panel to ensure that it is fit for purpose (**4<sup>th</sup> October 2019**)

## POLICY DEVELOPMENT

### **Children's Services Directorate Delivery Plan (11th June 2019)**

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The meeting on the 11<sup>th</sup> June 2019 gave Members the opportunity to scrutinise and comment on the Children's Services Directorate Delivery Plan 2019/20. The item was supported by the Cabinet Member for Families & Children, and the Interim Assistant Director for Children's Services. The purposed of the report was to consider the plans for the service during 2019/20 and review its performance during 2018/19.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Families & Communities that included the following points:

- Members asked for a copy of the recent letter sent to the First Minister to be sent to the Chairman;
- The Committee asked for details of children who had Sensory problems, along with details on how they were supported to attend the school of their choice;
- Members asked for a briefing papers on the outcome from the follow-up calls made to potential foster, and the development of the Young Carers strategy/plan.

## Education Directorate Delivery Plan (11th June 2019)

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The meeting on the 11<sup>th</sup> June 2019 gave Members the opportunity to scrutinise and comment on the Education Directorate Delivery Plan – 2019/20. The item was supported by the Cabinet Member for Education, Employment & Skills, and officers from the Education & Lifelong Learning Directorate. The purposed of the report was to consider the plans for the service during 2019/20 and review its performance during 2018/19.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following suggestions for the Directorate Delivery Plan:

- Included a measure and target for ethnic minority groups, as set out in the annual report;
- That the Directorate Delivery Plan did not include the measures and targets on the attendance of Looked after children.

In addition, the Committee identified some areas that they wished to scrutinise in more detail, and agreed to request briefing papers and reports on:

- Children & young people who are 'Educated Other than at School' (EOTAS), to include the definition, their attainment, makeup, numbers and number of Children being looked after.
- Work to being undertaken to help the recruitment of teachers who can teach through the medium of Welsh.

## **Central South Consortium's contribution to raising standards in Cardiff (21st January 2020)**

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Central South Consortium's contribution to raising standards in Cardiff'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director for Education & Lifelong Learning and the Senior Challenge Advisers. The item allowed Members to receive a report on the impact of work in the Central South Consortium's business plan on the region, and to consider the implications that this had on Cardiff.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee welcomed the report on the performance of Cardiff's school and the positive picture that the performance indicated across all schools. The Members were pleased to see the continued improvement in results across almost all areas.
- The Members expressed concern around particular areas of disappointing performance, which the Committee thought had been addressed. They requested a detailed report on the actions and programmes put in place to address the performance in: 1) the outcomes for children being looked after, children educated other than at school and Elected Home Education; 2) the attendance levels at Primary Schools; 3) the impact of changes to funding from the Minority Ethnic Achievement Grant on the support for Ethnic Minorities and Gypsy Roma Travellers.

## **Education Strategy - Cardiff 2030 (9th July 2019)**

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The meeting on the 9<sup>th</sup> July 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Education Strategy - Cardiff 2030'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director for Education & Lifelong Learning and other officers from the Education & Lifelong Learning Directorate. The purposed of the report was for the Committee to receive a verbal briefing on the development of the Education Strategy – Cardiff 2030, and allow Members an opportunity to help in the continued development of the Strategy.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Members welcomed the opportunity to continue to be involved in the development of the Strategy. They also appreciated the discussions that followed the presentation, the exchange of views and ideas.
- The Committee agreed that they wished to continue to be involved in the development of a new vision for education and learning in the City, "Cardiff 2030".

## PRE-DECISION SCRUTINY

### **21st Century Schools Band B - Redevelopment of Cantonian, Riverbank & Woodlands Schools (11th June 2019)**

The meeting on the 11<sup>th</sup> June 5<sup>th</sup> June 2018 gave Members the opportunity to scrutinise and comment on an item titled '21st Century Schools Band B - Redevelopment of Cantonian, Riverbank and Woodlands Schools'. The item was supported by the Cabinet Member for Education, Employment & Skills, and the Programme Director for the School Organisation Programme. The purposed of the item was to provide Members with the opportunity to carry out pre-decision scrutiny of the report due to be received by Cabinet on the 13<sup>th</sup> June 2019.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee agreed to commend the report to Cabinet, however, Members did note that Cabinet were due to receive a subsequent report on further proposals to increase the number of special school places for primary age children with complex learning needs.
- The Committee considered that the consultation undertaken for the proposals was excellent and thanked officers for all the work that they had done to make the consultation a success.
- Members asked for assurance that the proposals for the three schools would
- provide sufficient capacity for the foreseeable future, and requested that the Cabinet ensured that the Special Schools would provide as wider scope of provision as possible.

- Members requested that the Cabinet identified the future use of the vacated school sites, as Members considered that they should continue to be of benefit to the Local Community.

## Cardiff Children's Services Strategy (9th July 2019)

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The meeting on the 9<sup>th</sup> July 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff Children's Services Strategy'. The item was supported by the Cabinet Member for Children & Families, the Director for Social Services and the Interim Assistant Director for Children's Services. The purpose of the item was to receive and scrutinise a copy of the draft cabinet report entitled 'Strategic Plan to Deliver Excellent Outcomes for all our Children' prior to its consideration by Cabinet on the 11<sup>th</sup> July.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- Following the Members consideration of the report and answers to questions the Committee agreed to commend the report to Cabinet.
- The Committee wished to remind the Directorate that it is important at all times to ensure that young people are aware of their rights.
- The Committee was aware that Scotland had a different model for Children's Services, and the Members suggested that officers should work together to organise a fact finding mission to a Scottish Local Authority to gain an understanding of their operational models.
- The Committee requested a briefing paper for Members on the proposals for a fostering finding fee once the Directorate has completed its market research.



## **21st Century Schools Band B: Early Years, Primary and Secondary provision to serve Adamsdown & Splott (9th July 2019)**

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The meeting on the 9<sup>th</sup> July gave Members the opportunity to scrutinise and comment on an item titled '21st Century Schools Band B: Early Years, Primary and Secondary provision to serve Adamsdown and Splott'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director of Education & Lifelong Learning and the Programme Director for the School Organisation Programme. The purposed of the report was to consider

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Skills & Employment that included the following point:

- Following the Members consideration of the report and answers to questions the Committee agreed to commend the report to Cabinet. Members, however, did note that Cabinet would receive a subsequent report on the outcome of the consultation, which the Committee wanted to consider.

## Education Strategy – Cardiff 2030 (8th October 2019)

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The meeting on the 8<sup>th</sup> October 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Education Strategy – Cardiff 2030'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director for Education & Lifelong Learning, and the Assistant Director of Education & Lifelong Learning. The purpose of the report was to receive and scrutinise a copy of the draft cabinet report entitled 'Education Strategy – Cardiff 2030' prior to it being presented to Cabinet on the 10<sup>th</sup> October.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee welcomed the long-term vision for education in Cardiff (Cardiff 2030), as set out in the draft cabinet report, and acknowledged that the vision would be further developed through future Directorate delivery plans and updated policies and plans. The Committee requested that any updated policy or plans relating to the vision, were presented to Committee as early as possible to enable Members to influence their development in enhancing the vision.
- The Committee, during the way forward section of the meeting, did highlight a number of areas that Members felt should be reviewed, as early as possible, so that they form part of the future development of Cardiff 2030, namely: bullying in schools; use of Technology in education; and post 16 education.

## **SOP 21st Century - Early Years Primary and Secondary School Provision to serve Adamsdown and Splott (21st January 2020)**

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'SOP 21st Century - Early Years Primary and Secondary School Provision to serve Adamsdown & Splott'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director of Education & Lifelong Learning and the Programme Director for the School Organisation Programme. The purpose of the report was to provide Members with the opportunity to carry out pre-decision scrutiny of the proposals contained within the Cabinet report prior to its consideration by the Cabinet at its meeting on the 23 January 2020. The report informed Cabinet of the responses received following consultation on proposals for early years, primary school, secondary school and post-16 provision to serve Adamsdown and Splott.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Skills & Employment that included the following points:

- The Committee commend the report to Cabinet on 23 January 2020.
- The Committee noted that St Albans RC Primary School would not be discontinued, and a further report would be presented to Cabinet addressing the matter. The Committee recommended that the further report should include an assessment of the environmental impact of the proposals, together with proposals for the provision of appropriate parkland for the Community.

## **SOP 21st Century - New Primary School provision to serve parts of Radyr, Morganstown, Creigiau, St Fagans & Fairwater (21st January 2020)**

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'SOP 21st Century - New Primary School provision to serve parts of Radyr, Morganstown, Creigiau, St Fagans & Fairwater'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director of Education & Lifelong Learning and the Programme Director for the School Organisation Programme. The purpose of the report was to provide Members with the opportunity to carry out pre-decision scrutiny of the proposals contained within the Cabinet report prior to its consideration by the Cabinet at its meeting on the 23 January 2020. The report informed Cabinet of the responses received following consultation on proposals for early years, primary school, secondary school and post-16 provision to serve Radyr, Morganstown, Creigiau, St Fagans & Fairwater'.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Skills & Employment that included the following points:

- The Committee commended the report to Cabinet on 23 January 2020.
- The Committee noted that prior to the implementation of the proposals a further report would be provided to Cabinet on the matter. The Committee asked for this report to be made available for pre decision scrutiny.
- The Committee asked that, i) the Governing Board for the school should clearly reflect the whole school; ii) the Committee was concerned at the recruitment of staff for the School, and requested that regular updates were provided to Members on the progress being made in recruiting school staff.

## **SOP 21st Century - New school provision to serve parts of Pontprennau & Old St Mellons (21st January 2020)**

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'SOP 21st Century - New school provision to serve parts of Pontprennau & Old St Mellons'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Director of Education & Lifelong Learning and the Programme Director for the School Organisation Programme. The purpose of the report was to provide Members with the opportunity to carry out pre-decision scrutiny of the proposals contained within the Cabinet report prior to its consideration by the Cabinet at its meeting on the 23 January 2020. The report informed Cabinet of the responses received following consultation on proposals for early years, primary school, secondary school and post-16 provision to serve Pontprennau & Old St Mellons'.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Skills & Employment that included the following points:

- The Committee commended the report to Cabinet on 23 January 2020.

## **Draft Corporate Plan 2020-2023 & Draft Proposals 2020-2021 (18th February 2020)**

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The meeting on the 18<sup>th</sup> February 2019 gave Members the opportunity to scrutinise and comment on the 'Draft Corporate Plan 2020-2023 and Draft Proposals 2020-2021'. The Cabinet Members for Finance, Modernisation & Performance; Children & Families; and Education, Employment & Skills attended the meeting and were supported by officers from the Resources; Social Services and Education & Lifelong Learning Directorates. The purpose of the item was to provide Members with context for the scrutiny of the sections of the Council's draft Corporate Plan 2020 – 23, and draft Cabinet 2020/21 Budget Proposals that relate to Directorates falling within the remit of the Committee.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Modernisation & Performance that included the following points:

- **Reliance on Grant Funding** – A Member expressed concern at the amount of grant funding that the Council relies upon to deliver vital services. His concern was what might happen if some of the grants that we currently rely on stopped. The Committee asked for assurance that contingency planning was in place to cover the running of services which are currently grant funded.
  
- ❖ **Children & Families Portfolio - Draft Budget Proposals 2020/21**
  - **New Build Council Housing / Acquisitions** – It was noted during the Corporate Overview presentation that the Council has allocated £255.5 million into the capital programme for '*New Build Council Housing / Acquisitions*' over the next five years. One of the barriers that prevents more accommodation being created for looked after children in Cardiff is the price of property. As the Council is making a substantial new investment into social housing, the Committee suggested that it should look to allocate a small part of the '*New Build Council Housing /*

*Acquisitions'* budget towards accommodation for looked after children. Given the large amount of money spent on housing children and young people in out of county placements, Members felt that this would be a sensible investment for the Council.

- **Budget Line S1 – Strength Based Practice & Commissioning Saving**
  - The £900,000 budget line S1 represented 90% of the savings target for Children’s Services. Members emphasised that this had been scrutinised and relevant suggestions had been provided on how savings might be achieved in this area. Members agreed to monitor this savings proposal during 2020/21, and look forward to receiving regular updates as the year progresses. As a starting point, they asked for further detail on how the parts of this very large saving would be achieved.
  
- **Foster Care Information** – After the discussion about foster care numbers at the meeting, Members asked for confirmation on:
  - The current number of foster carers working for the Council, along with the number of additional foster carers that the Council is currently trying to recruit;
  - The target number of foster carers that the Council is currently looking to employ;
  - The number of children currently in foster care placements with the Council, and the number of children placed under foster care with other agencies;
  - For 2019/20, the total number of foster carers applying to work with the Council, and the number that the Council actually recruited;
  - The average length of time from initial application to actual recruitment for a Council foster carer in 2019/20;
  - Agree to include the details listed above in the bespoke quarterly monitoring report that is provided to the members of the Children & Young People Scrutiny Committee.
  
- **Looked After Children Placement Target** – The Council is currently working towards a Welsh Government target of placing 75% of looked

after children within a 20 mile radius of the local authority boundary. In relation to this target Members asked for details on the following:

- The total number of placements currently made by the Council;
  - The number of placements made by the Council within the 20 mile radius of Cardiff's boundary;
  - The number of placements made by the Council outside of Cardiff's boundary, but within the 20-mile radius;
  - The categories of placements made by the Council outside of Cardiff's boundary and within the 20-mile radius - to include costs per placement category, provider type and the local authority area within which they are located;
  - The number of placements made outside of Cardiff's boundaries, and which are necessary for the safety of the child / young person.
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- **Budget Risk Ratings & Contingency Funding** – The presentation highlighted that £2.17 million has been put aside in the budget as a contingency for growth in placements. This was in addition to the £4.85 million budget realignment, and £400,000 for the short stay assessment centre that had been added to the Children's Services revenue budget. At the same time the service has been asked to find £1 million in savings; £900,000 of which was risk rated 'red / amber' in terms of achievability. Given that Children's Services had struggled to achieve its savings in previous years, the Committee asked for clarification as to why a contingency has been allocated; given the risks and challenges involved Members felt that it should probably have been allocated directly into the base budget as a financial pressure for 2020/21.
  
  - **Social Worker Market Supplement** – It was noted that £1.106 million had been allocated within the Financial Resilience Mechanism to fund a number of temporary initiatives, including the '*Children's Social Worker market supplement*'. Members were aware that the Council had been looking at options to retain and increase the number of social workers in Children's Services, as the current shortages were contributing to workload and financial pressures within the service. The Committee



understood that social workers in neighbouring local authority areas were paid more, and that a market supplement would be a good way to bridge the financial gap, improve morale and help retain and recruit staff. The Committee emphasised that shortage of social workers was not a new problem, and Members felt that it required a longer term fix. With this in mind, the Committee asked:

- For details on how the Council planned to introduce and allocate the one-year supplement, for example, who would qualify; how many social workers would receive the payment; how much they would receive, the total value of the one year supplement; and what would happen at the end of the one year period.
- If the Council would consider making the supplement a long term arrangement by building the increase into the revenue budget for Children's Services.

#### ❖ **Education, Employment & Skills Portfolio - Draft Budget Proposals 2020/21**

- **Bus Passes Charge Increase** – Members were concerned about the 6.25% increase in the cost of a bus pass which would apply to those who live within three miles of the school and wish to take the bus to school instead of using other modes of transport. They felt that the increase contradicted other Council priorities, for example, improving air quality, active travel and the Councils modal shift targets and, along with an increase in school meal costs, placed additional financial pressure on parents – particularly for those with more than one child in school. The Cabinet Member and officers explained that the cost of the bus pass was already subsidised, and that the price increase was due to inflationary costs passed on by the bus companies. The Committee asked for a breakdown of costs for providing a bus pass, to include details of the subsidy that is applied.
- **New Youth Worker Posts** – The Committee was pleased that seven new youth worker posts had been created in the budget. A Member asked

where the new posts would be based, what they would be doing. She was told that they would be permanent, but due to the late confirmation of funding the exact roles had yet to be determined. The Committee asked for confirmation of the specific roles and responsibilities of the new posts as soon as they are agreed.

- **Educated Other Than At School (EOTAS) Performance Indicator** – During the meeting concern was expressed that the Council had a wide range of indicators to measure the performance of education in Cardiff, however, it did not have an indicator to measure the progress and achievements of children who were EOTAS. The Director for Education was able to see both the challenges and benefits of such an indicator, so the Committee asked the service area to draft options that could be used to measure this area, and provide feedback in the early part of the next municipal year.

## PERFORMANCE MONITORING

### Children's Services Quarter 4 Performance Report (11th June 2019)

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The meeting on the 11<sup>th</sup> June 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Children's Services Quarter 4 Performance Report'. The item was supported by the Cabinet Member for Children & Families and the Interim Assistant Director for Children's Services. The purpose of the report was to provide the Committee with an opportunity to scrutinise the Children's Services Quarter 4 Performance Report, which in turn enabled the Committee to assess the progress being made in improving outcomes for children in need and children being looked after.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- Members asked for a copy of the letter sent to the First Minister to be provided to the Committee Chairperson.
- Members asked for details of children who have sensory problems, information on how they are supported to attend the school of their choice.
- Members asked for a briefing paper on the outcome from the follow-up calls made to potential foster carers.
- Members asked for a briefing paper on the development of the Young Carers strategy/plan.

## **Joint with CASSC - Local Authority Social Services Annual Report 2018-19 (26th June 2019)**

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The meeting on the 26<sup>th</sup> June 2019 gave Members the opportunity to undertake joint scrutiny with the Community & Adult Services Scrutiny Committee on an item titled 'Local Authority Social Services Annual Report 2018-19'. The item was supported by the Cabinet Member for Social Care, Health & Wellbeing, the Cabinet Member for Children and Families and the Director for Social Services. The purpose of the item was to provide Members with an opportunity to scrutinise the draft Local Authority Social Services Annual Report 2018/19, prior to it being received by Cabinet.

Following discussion, questions and comments, the Committee sent a letter to the supporting Cabinet Members that included the following points:

- Members were pleased with the progress outlined in the Annual Report and agreed to commend the report to Cabinet and Council. The Joint Committee's considered that the report clearly referenced many of the issues, concerns and progress that both committees have identified throughout the year, and agreed that the report was an accurate reflection of the Directorate.
- Members noted that the format of the report is nationally prescribed, however, reiterated that some areas were repetitive. They felt the report would benefit from refinement, which in turn would improve its impact and deliver messages.

### **Children's Services**

- Members asked for the following information to be included with the response letter:
  - ❖ An assessment of the reasons for the low response rate for 18+ (page 24);
  - ❖ A briefing on Families First identifying its impact on families over the last year (page 85).

- Given the increasing demand pressures, the report clearly sets out the future budget as a key challenge for the Directorate. The Members agreed that they would be requesting a briefing paper on the financial planning proposals, together with an update on the transformational bid proposals and further bids and transformation grant.
- Members noted that the Directorate was undertaking a review the Corporate Parenting Strategy by December 2019, and the Committee wished to be actively involved in the review.
- Members requested a briefing report to cover the alignment of the 'preventative' and early help services; governance for the Welsh Government; Families First Programme alignment with Supporting People, Flying Start and other preventative grant funding streams; as well as the impact and outcome from the work of the Early Help service, to a future meeting of the Committee.
- The Committee welcomed the a briefing to members on the implementation and success of the signs of safety model that was now being implemented across children's services together with the work to embed the Strength Based model in Adult Services.
- At the meeting questions were raised about the complaint statistics, with particular reference to the sharp increase of complaints in Children's Services. Members were advised that although the numbers for children service stage one complaints had risen, they are resolved at any early stage. Members were pleased with the effective resolution rate, however, they requested a briefing note to provide a breakdown of the complaints received during 2018/19.
- With regard to the recruitment and retention of social workers, which was identified as a recurring area of concern across both Committees, Members emphasised the importance and possible connection of the cultural change within the workforce and staff retention. Members stated that achieving cultural change would require an intent focus and

continuous monitoring. The Committee requested an assessment on how the cultural changes being brought in are impacting on the retention of staff.

## **Wales Audit Office Report - Review of Corporate Arrangements for Safeguarding of Children (24th September)**

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The meeting on the 24<sup>th</sup> September 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Wales Audit Office Report - Review of Corporate Arrangements for Safeguarding of Children'. The item was supported by the Cabinet Member for Finance, Modernisation & Performance, the Director of Social Services and Audit Manager. The purposed of the item was to scrutinise the inspection report that resulted from a follow-up review of corporate arrangements for the safeguarding of children during April 2019 by the Wales Audit Office.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Modernisation & Performance that included the following points:

- The Committee welcomed the progress being made in addressing the proposals for improvement as set out in the Audit Report, in particular that the Council had over the past year made significant progress on all of the recommendations from the audit reviews undertaken in 2014 and 2015.
- The Committee requested clarification that commissioning arrangements were now fully in place to ensure that external providers are compliant with their duty to safeguard and in particular the need for DBS checks and training to help minimise the risks to service users.
- The Members considered that an action plan should be produced to address all the 2014, 2015 recommendations and 2019 proposals for improvement, with clear timescales, targets and monitoring arrangements. The Committee asked for biannual monitored reports covering; training by Members, training by Officers, an update on the corporate safeguarding self-assessment, and a copy of the Annual Safeguarding Staff Awareness Survey.

## **Cardiff & Vale of Glamorgan Regional Safeguarding Board Annual Report - 2018-2019 (24th September)**

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The meeting on the 24<sup>th</sup> September 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff & Vale of Glamorgan Regional Safeguarding Board Annual Report'. The item was supported by the Cabinet Member for Finance, Resources & Performance, the Director for Social Services and Business Manager for the Cardiff & Vale of Glamorgan Regional Safeguarding Board. The purpose of the item was to receive and scrutinise the draft Corporate Safeguarding Board's Annual report 2018/19 covering all of Social Services, prior to its consideration by Cabinet.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Resources & Performance that included the following points:

- The Committee welcomed the opportunity to receive and review the draft annual report and noted that the Board's key priorities for 2018-19 were: 1. Effectiveness of Child protection system; 2. Children on the edge of the child protection system; 3. Service user engagement; and 4. Learning lessons from reviews.
- The Committee was concerned that the Annual Report did not clearly set out a judgement on the effectiveness of the corporate safeguarding arrangements. The Members noted that the Board was producing a multi-agency performance framework that would allow the Board to monitor areas for improvement and best practice.
- The Committee recommended that future reports should include a section highlighting the outcome from its work and well as an analysis of the effectiveness of the Corporate Safeguarding arrangement across Cardiff and the Vale of Glamorgan.
- The Members also noted the work being undertaken to safeguard children on the edge of the Child Protection System. The Committee felt that the



Board was expecting it's staff to support a large number of activities and suggested that the Board should focus its work on actions that impact on its strategic outcomes.

- The Members were surprised to see the low attendance of certain stakeholders at meetings of the Children's Board. Their failure to attend these meetings could call into question the effectiveness of the work of the Children's Board. The Committee recommended that the Business Unit reviewed its monitoring of attendance to ensure that any gaps are addressed immediately.
- The Committee discussed the information around Child Protection Reviews and agreed that the Committee should receive a briefing on the process together with an analysis of how lessons learnt from each review are put into practice, as part of the response to the letter.

## Children's Services Quarter 1 Performance Report (24th September)

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The meeting on the 24<sup>th</sup> September gave Members the opportunity to scrutinise and comment on an item titled 'Children's Services Quarter 1 Performance Report'. The item was supported by the Cabinet Member for Finance, Resources & Performance, the Director for Social Services and the Interim Assistant Director for Children's Services. The purpose of the item was to provide the Committee with an opportunity to assess the progress being made in improving outcomes for children in need, and children being looked after.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Resources & Performance that included the following points:

- Members welcomed the views of the Interim Assistant Director on the recent restructuring of Children's Services into a more locality based format.
- Members asked for an update and information on:
  - ❖ The implementation of the recommendations from the Committee's inquiry into out of county placements that was presented to Cabinet in July 2018.
  - ❖ Details of the turnover of Social Worker posts, and the length of time in a post for this year and the last five years to be included with the response to the letter.
  - ❖ A briefing paper to Committee later this year, on the Domiciliary Care Project.

- ❖ An update on the work being undertaken to address the lack of provision in the market to secure services for Child Mental Health & Disability Team.

## Signs of Safety (24th September 2019)

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The meeting on the 24<sup>th</sup> September 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Signs of Safety – Progress Report'. The item was supported by the Cabinet Member for Finance, Resources & Performance, the Director of Social Services and the Interim Assistant Director for Social Services. The purposed of the report was to receive a briefing report on the continuing implementation with key partners of the "Signs of Safety" model, a strength based whole-service methodology for working with children and families in need of care and support.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Resources & Performance that included the following points:

- A key aspect for the embedding of signs of safety across the Directorate is effective training and awareness raising for all staff. The Members noted that there was concern around the limited funding for ongoing training. As a result, the Committee recommended that sufficient funding for training is made available until an assessment is made that the Signs of Safety is full embedded. It was recommended that the training should be a significant part of the induction of any new social worker and agency social worker.
- The Committee understood that it was difficult to assess the impact and outcome from the signs of safety approach, however, the Committee considered that it was essential that a framework of impact assessment was developed, along with appropriate performance monitoring using robust qualitative and quantitative data.

## **Provisional Performance of Cardiff's Schools 2018/2019 (8th October 2019)**

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The meeting on the 8<sup>th</sup> October 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Provisional Performance of Cardiff's Schools 2018/2019'. The item was supported by the Cabinet Member for Education, Employment & Skills and officers from the Education & Lifelong Learning Directorate. The purpose of the scrutiny was to review and provide feedback on the information provided to the Committee, including the provisional school results briefing paper.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee noted the comments on performance across all stages, however, understood that as there had been significant changes in the assessment and reporting arrangements during the year. The Directorate was unable to provide details of progress at each stage, as in previous years.
- The Committee, during the way forward section of the meeting, agreed to request that the Scrutiny Officer work with education and consortium staff to develop a training session for the Members of the Committee so that they better understood the new assessment and reporting arrangements, and how best future performance reports should be presented to Committee.

## **New Curriculum (8th October 2019)**

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The meeting on the 8<sup>th</sup> October gave Members the opportunity to scrutinise and comment on an item titled 'New Curriculum'. The item was supported by the Cabinet Member for Education, Employment & Skills and officers from the Education & Lifelong Learning Directorate. The purposed of the report was is to enable Committee to review, assess and challenge the progress being made in the implementation of the new curriculum through to 2022.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- Members noted the considerable amount of work that has to be undertaken across the nine different reforms, and also recognised that strong leadership and good teaching were fundamental to the successful implementation of all the reforms, especially the New Curriculum.
- The Committee welcomed the suggestion to provide a more focussed report, in March 2020, following the publication of the Curriculum for Wales guidance, on the progress being made in the development and implementation of the New Curriculum. The Committee further suggested that a Head Teacher from a Pioneer School should also attend to provide feedback on the new curriculums and associated reform's impact on the school.

## Cardiff Child Friendly City - Progress Report (12th November 2019)

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The meeting on the 12<sup>th</sup> November gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff Child Friendly City - Progress Report'. The item was supported by the Cabinet Member for Education, Employment & Skills, the Assistant Director of Education & Lifelong Learning and other officers from the Education & Lifelong Learning Directorate. The purpose of the item was to receive progress reports on the development of a programme for Cardiff to be globally recognised as a Child Friendly City, through participation in the Unicef UK Child Friendly City and Communities Programme.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee welcomed the briefing on the progress being made in making Cardiff a Child Friendly City. The Members were very pleased with the improvements made to date against each of the five goals set out in the Strategy.
- During the way forward the Committee highlighted that:
  - i. It was concerned to hear that some Directorates were not fully embedding Children's Rights into their decision-making processes. They asked that further efforts be made to ensure that all Directorates were fully engaged.
  - ii. Members suggested that the Children and Young People's Advisory Board should investigate the introduction of School Exclusion Zones around schools, to help reduce children's exposure to air pollution.

- iii. Members requested that a further progress report be presented to Committee next November to enable it to review the implementation of the strategy and monitor progress.



## Review of Fostering - Progress Report (12th November 2019)

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The meeting on the 12<sup>th</sup> November gave Members the opportunity to scrutinise and comment on an item titled 'Review of Fostering – Progress Report'. The item was supported by the Cabinet Member for Children & Families, the Director of Social Services and the Interim Assistant Director for Children's Services. The purpose of the report was to receive a briefing on the progress being made in the redesign of the local fostering service in order to increase the number of internal foster carers, and ensure the placement policy is fit for purpose.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- Members made reference to the Committee's inquiry report in to "Out Of County Placements" and its 19 recommendations, which they had previously referred to during the presentation of the fostering briefing and draft Cabinet report. The Committee noted the Draft Strategy, together with the nine commissioning priorities, were a clear step in the Directorates programme to address some of the 19 recommendations. The Members were advised that this was only the first report addressing the recommendations. The Committee subsequently agreed to request a full progress report, providing a detailed update to each of the inquiries recommendations, to be presented to Committee, at its meeting on 10 March.

## Early Help and Prevention Briefing (17th December 2019)

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The meeting on the 17<sup>th</sup> December gave Members the opportunity to scrutinise and comment on an item titled 'Early Help & Prevention'. The item was supported by the Cabinet Member for Children & Families, the Interim Assistant Director for Children's Services and the Operational Manager for Early Help. The purposed of the item was to receive a report on the a review of the Headline Actions set out in the Directorate Delivery Plan 2019/20, with particular reference to the new delivery model for an integrated early help and prevention service for families, children and young people.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- The Committee commented that they looked forward to seeing the impact of the work of the Early Help Service on the number referrals being made to Children's Service in future months, and asked that a progress report be presented to Committee in the summer of 2020, to include performance information on the quality and effectiveness of the service's work.

## **Regional Adoption Service Annual Report (17th December 2019)**

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The meeting on the 17<sup>th</sup> December gave Members the opportunity to scrutinise and comment on an item titled 'Regional Adoption Service Annual Report'. The item was supported by the Cabinet Member for Children & Families, the Regional Adoption Manager and the Interim Assistant Director for Children's Services. The purposed of the report was to provide the Committee with a copy of the Vale, Valleys and Cardiff (VVC) Regional Adoption Collaborative's Annual Report 2018/19 so that they could undertake scrutiny of the document. The report set out key information about the Regional services, together with monthly and quarterly performance information for the period 2018/2019.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- The Committee welcomed the report and agreed to commend it to the Management Board and Joint Committee for their approval.
- During the way forward the Members requested that in future there is a need to better engage with both Faith and BME sections of society.

## **Corporate Parenting Advisory Committee Annual Report 2018-19 (17th December 2019)**

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The meeting on the 17<sup>th</sup> December gave Members the opportunity to scrutinise and comment on an item titled 'Corporate Parenting Advisory Committee Annual Report'. The item was supported by the Cabinet Member for Children & Families, the Cabinet Member for Education, Employment & Skills and officers from the Social Services Directorate. The purposed of the report was provide Members with an opportunity to review the Annual Report of the Corporate Parenting Advisory Committee for 2018/19.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Members which welcomed the report and agreed to commend it to both Cabinet and Council.

## Young Offenders Progress Report (17th December 2019)

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The meeting on the 17<sup>th</sup> December gave Members the opportunity to scrutinise and comment on an item titled 'Young Offenders Progress Report'. The item was supported by the Cabinet Member for Children & Families and officers from Social Services Directorate. The purpose of the item was to receive a briefing report on the service review of the Youth Offending service.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- The Committee welcomed the update on the work of the services and performance information, however, the Members did suggest that in future it may be more useful to compare against Core City across the UK and not just Welsh Local Authorities.
- The Committee also noted that an Adolescent Strategy was being developed and Members requested that a draft of the strategy be presented to this Committee prior to its consideration by Cabinet.

## **Children's Services Quarter Two Performance Report (17th December 2019)**

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The meeting on the 17<sup>th</sup> December 2019 gave Members the opportunity to scrutinise the performance of Children's Services for Quarter 2 of 2019/20. The item was supported by the Cabinet Member for Children & Families and officers from the Social Services Directorate. The purpose of the report was to enable the Committee to assess the progress being made in improving outcomes for children in need and children being looked after. The scrutiny of the performance of Children's Services is undertaken on a quarterly basis.

Following discussion of the Quarter 2 performance the Committee was satisfied by the information provided, and the responses to the questions raised, therefore, no letter was submitted to the Cabinet Member on this matter.

## Cardiff School's Annual Report (21st January 2020)

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff School's Annual Report'. The item was supported by the Cabinet Member for Education, Employment & Skills, and officers from the Education & Lifelong Learning Directorate. The purposed of the report was to review and assess the draft copy of the Cabinet report "The Performance of Cardiff Schools in 2018 / 19", that was due to be considered by Cabinet on 23 January 2020. The publication of the Schools Annual Report is considered best practice and is produced to help inform the public, elected Members, schools and school governors on the progress being made to improve performance across all schools in Cardiff.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- The Committee welcomed the report on the performance of Cardiff's schools and the positive picture that the performance indicated across all schools. The Members were pleased to see the continued improvement in results across almost all areas and the Committee agreed to Commend the Schools Annual Report to Cabinet.
- Members expressed some concern around particular areas of disappointing performance, which the Committee thought were being addressed. The Committee therefore requested a further more detailed report, later in the year, on the actions and programmes put in place to address the performance in:
  - The outcomes for children being looked after, children educated other than at school and Elected Home Education;
  - Attendance levels at Primary Schools;

- The impact of changes to funding from the Minority Ethnic Achievement Grant on the support for Ethnic Minorities and Gypsy Roma Travellers.



## School Organisation Programme - Update Report (10th March 2020)

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The meeting on the 10<sup>th</sup> March 2020 gave Members the opportunity to scrutinise and comment on an item titled 'School Organisation Programme - Update Report'. The item was supported by the Cabinet Member for Education, Employment & Skills and officers from the Education & Lifelong Learning Directorate. The purpose of the item was to carry out pre-decision scrutiny of the report to Cabinet on the School Organisation Programme, that was due to be considered at the Cabinet at its meeting on the 19th March. The report included aspects on developing the Council's education estate in Cardiff, including the delivery of new provision under the 21st Century Schools programme in relation to the Local Development Plan (LDP), and the enhanced asset maintenance programme in relation to the existing estate.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Education, Employment & Skills that included the following points:

- Members stated that they were very pleased with progress made to date on the School Organisation Programme.
- The Committee asked for further information on how many properties sat in the 'urgent need' category for repairs, and requested further information on the additional £25 million of funding via capital receipts into the programme.
- The Committee were concerned to hear that under the current arrangements of the Mutual Investment Model (MIM) the authority had less control over building specifications and the possible implications this could have in terms of community availability.

## Children's Services Quarter 3 Performance (10th March 2020)

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The meeting on the 10<sup>th</sup> March gave Members the opportunity to scrutinise the performance of Children's Services for Quarter 3 of 2019/20. The item was supported by the Cabinet Member for Children & Families and officers from the Social Services Directorate. The purpose of the report was to enable the Committee to assess the progress being made in improving outcomes for children in need and children being looked after. The scrutiny of the performance of Children's Services is undertaken on a quarterly basis.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Children & Families that included the following points:

- With regard to fostering and the differences between Independent Fostering Agencies (IFA's) and in-house fostering, Members noted the past differences in approaches toward fostering by the authority and private companies and commend the work that the Council had undertaken to address the disparity within this area. Members agreed that support for foster carers still required further development and was a crucial component in further addressing the disparity.
- Members suggested that a possible alliance with not for profit foster care providers be considered, and asked for further information on the possible timescales and perceived benefits of such partnership working.
- Members welcomed the comments with regard to the Committee undertaking a Task and Finish inquiry into the recruitment and retention of Social Workers, and asked for further information to help scope this piece of work.
- With regard to Care Homes, Members noted and welcomed the comments made about the ongoing work, particularly around the development of an assessment unit which provides detailed multi agency assessment.

## WORK PROGRAMME FOR 2020- 21

Members of the Committee will be invited to consider items for possible inclusion in the Committee's work programme during 2020-21. Work is currently in progress to draw together issues for the Committee to consider. A draft work programme will then be developed and brought to Committee for approval and implementation.

At Council on the 23<sup>rd</sup> July 2020, a report was approved to restart the five standing scrutiny committees, as part of the Covid-19 restart period. It was agreed that Scrutiny Committees would undertake the following:

- Pre-decision scrutiny of all Cabinet decisions, where appropriate and proportionate to do so;
- Scrutinise any issues which are time critical and/or may have a significant adverse reputational impact on the Council; and
- Develop priorities for potential scrutiny consideration during 2020/21, in consultation with the relevant Cabinet member/s and Directors.

The Council is responsible for co-ordinating the production of the main strategies and plans covering service development and provision across a range of services and agencies. The Committee's future work programme could include:

- ❖ Capital Ambition
- ❖ Cardiff 2030 Strategy
- ❖ Corporate Plan and Budget
- ❖ Directorate Delivery Plans
- ❖ Cardiff Child Friendly City – update
- ❖ Corporate Safeguarding Board – progress briefing

The Committee will be identifying further issues for consideration during the autumn of 2020. It is also suggested that the Committee continues to receive the regular progress and performance reports on:

- ❖ Children's Services performance
- ❖ School performance
- ❖ Budget proposals and monitoring
- ❖ Out of County report recommendation monitoring
- ❖ Youth Justice Service Inspection
- ❖ Fostering

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# A Report of: Community & Adult Services Scrutiny Committee

Annual Report 2019 – 2020



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

# COMMUNITY & ADULT SERVICES SCRUTINY

## COMMITTEE MEMBERSHIP



[Councillor Ali Ahmed](#)



[Councillor Shaun Jenkins](#)  
*(Chairman)*



[Councillor Joe Carter](#)



[Councillor Andrea Gibson](#)



[Councillor Philippa Hill-John](#)



[Councillor Sue Lent](#)



[Councillor Ashley Lister<sup>1</sup>](#)



[Councillor Mary McGary](#)

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<sup>1</sup> Cllr Lister became a Committee Member in January 2020.



## TERMS OF REFERENCE OF THE COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE

To scrutinise, measure and actively promote improvement in the Council's performance in the provision of services and compliance with Council policies, aims and objectives in the area of community and adult services, including:

- Public and Private Housing
- Disabled Facilities Grants
- Community Safety
- Neighbourhood Renewal and Communities First
- Advice & Benefit
- Consumer Protection
- Older Persons Strategy
- Adult Social Care
- Community Care Services
- Mental Health & Physical Impairment
- Commissioning Strategy
- Health Partnership

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government-sponsored public bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance and service delivery in this area.

To be the Council's Crime and Disorder Committee as required by the Police and Justice Act 2006 and any re-enactment or modification thereof; and as full delegate of the Council to exercise all the powers and functions permitted under that Act.

## CHAIR'S FOREWORD

Throughout the year this Committee has aimed to contribute to service improvement through robust pre-decision scrutiny; vigorous performance monitoring; and by providing key 'critical friend' challenge.

One of the Council's key commitments this year has been to progress its priority of delivering 1,000 new Council homes by 2022. In a bid to support the strategic vision and continuous performance of the Council's Council House Build Strategy and Cardiff Design Standards, Members have monitored both strategies over the course of the year, seeking continued assurance that targets are on course to be met and properties are developed to the highest of standards. We look forward to continue monitoring its progress over the coming year.

In line with the Social Services directorate leadership team restructure; Committee Members have aspired to keep an attentive eye on any potential impact this may have on services within their remit through consistent monitoring of Quarterly Performance Reports. In addition, during the course of the year Members have also monitored both the operational approach and strategic vision of the service area's vision to stimulate a 'strength based approach' culture.

I would like to thank those Members who have sat on the Committee over the course of the past year for their hard work and dedication. I would also like to thank the witnesses who have appeared before us which has helped formulate our recommendations to the Cabinet; their expertise has been invaluable.

Looking forward to the future, this coming year will undoubtedly bring challenges. Challenges both for the Council as it navigates the recovery and restart of services following the pandemic of Covid-19, and as a Committee, as we adapt to the new ways of working in order to provide effective Scrutiny during this time. The pandemic has transformed the delivery model of many council services within the remit of this Committee, and with such transformation comes an even greater reliance on effective partnership working and a critical need to ensure health and social care services are joined up well. It is starkly apparent that demanding times lie ahead for the city of Cardiff and that Scrutiny must play a central and

effective role in driving improvement and ensuring the best for Cardiff's citizens; particularly those most vulnerable.

I am sure I can speak all on behalf of all Committee Members' to say that this Committee shares the Council's priority to ensure that the positive changes brought by this pandemic are locked into Council services, and that as a Committee, we will continue to play our part in ensuring and driving Council effectiveness.

I commend this 2019/20 Annual Report of the Community & Adult Services Scrutiny Committee.



**Councillor Shaun Jenkins,  
Chairman, Community & Adult Services Scrutiny Committee**

## OVERVIEW

The Community and Adult Services Scrutiny Committee plays an important role in assessing service performance and informing service and policy development across a range of Council services, including all aspects of housing, neighbourhood renewal and adult social care. The Committee is also the Council's Crime and Disorder Scrutiny Committee.

One of the main aims of this Committee is to address issues from a service user and citizen perspective and use this to inform observations and recommendations made to the Cabinet. During the course of the year, the Committee have invited contributions from carers, advocates, citizens, third sector representatives as well as hearing from Council Members, Cabinet Members, a range of officers along with feedback from service users.

Between June 2019 and March 2020, the Committee scrutinised the following topics:

- **Pre decision** - Where the Committee has evaluated and commented on policy proposals prior to Cabinet, giving Cabinet the opportunity to know Scrutiny Members' views prior to making their decision:
  - Older Peoples Care Home Fee Setting Strategy 2019-2023
  - Risk Based Verification Policy for Housing Benefit and Council Tax
  - Recommissioning of Care at Home
  - Implementation of Social Services Charging Policies, one for residential and nursing care, one for non-residential care
  - Corporate Plan 2020-23
  - Budgetary Proposals 2020/21
  - Alley Gating on Public Highways – Cardiff Council Policy & Strategy 2020
  - HRA Business Plan 2020/21

- **Policy Development/Review** - Where the Committee has contributed to policy development processes, for example by considering draft policy documents, and/or where the Committee has considered the implementation of policies, looking at whether this has happened in a timely manner and the impact of the policy, giving the Cabinet the opportunity to know Scrutiny Members' views about whether any changes are required:
  - Cardiff & Vale of Glamorgan Regional Safeguarding Boards Annual Report 2018/19
  - Older People: Access to Information, Advice & Services in line with the development of the Council's Digital Strategy.
  
- **Monitoring Progress** - Where the Committee has undertaken monitoring of the Council's progress in implementing actions previously agreed:
  - Cardiff & Vale of Glamorgan Area Plan for Care and Support Needs 2018 – 2023
  - Council House Build Strategy & Design Standards
  
- **Monitoring Performance** - Where the Committee has undertaken monitoring of the Council's performance:
  - Quarterly Performance Reports – Adult Social Services; and People and Communities
  
- **Briefings**
  - How the Council engages with Housing Associations
  - How the Directorates, reporting to this Committee, plan to address and mitigate the impact of Brexit
  - Voids Management
  - Impact of Renting Homes Wales Act 2016
  - Update on the status of council requirements under Regulation & Inspection of Social Care (Wales) Act 2016.

## The Statistics

During the municipal year 2019/20, the full Committee has held 9 public meetings and scrutinised 21 items covering a wide variety of topics in line with its Terms of Reference. This activity culminated in 19 letters to the Cabinet and Senior Management Team, sharing the Committee's comments, concerns and recommendations following their scrutiny. To date, the Committee has received 16 letters from the Cabinet in response.

The success of Scrutiny is dependent on the capacity, skills and development of those Members that sit on Scrutiny Committees. There has been some movement in Membership of the Committee throughout the year, though generally good attendance has been maintained. During 2019, the Annual Council meeting delivered changes in both the Committee's membership and leadership.

Part 6 of The Local Government (Wales) Measure 2011 requires politically proportional allocation of Scrutiny Chairs. The proportional allocation of Scrutiny Committee Chairs is calculated in accordance with the principles set out in section 70 of the Local Government (Wales) Measure 2011. Following a review of the political balance of Scrutiny Committee Chairs, the Committee welcomed a new Chairman, Cllr Shaun Jenkins having been a Committee Member since becoming a Councillor in May 2017.

The Committee has also welcomed three new Committee members, Cllr Andrea Gibson, Cllr Philippa Hill-John and Cllr Ashley Lister.

The Committee looks forward to continuing its objectives of transparent engagement, and to playing its part in contributing to the Council's webcasting performance indicator. Throughout the course of 2019/20 all of the Committee meetings have been successfully webcast and this will remain an objective of the Committee going forward.

Webcast viewing figures for this Committee during the 2019/20 municipal year are as follows:

Date	All Views	Live Views	Archive Views
05/06/2019	115	10	105
03/07/2019	86	4	82
11/09/2019	73	5	68

02/10/2019	78	6	72
06/11/2019	82	14	68
16/12/2019	36	1	35
08/01/2020	73	6	67
17/02/2020	36	10	26
04/03/2020	73	5	68
<b>Total</b>	<b>652</b>	<b>61</b>	<b>591</b>

### **Committee Member Development**

Scrutiny is a Member-led function whose success is closely linked to the capacity and development of the Members that sit on Scrutiny Committees. The Scrutiny Team work closely with colleagues across the Council to provide a continuous range of opportunities for Members to build or refresh their Scrutiny skills, and to extend their knowledge and insight into a range of issues relevant to their Scrutiny role.

During the year Scrutiny services have organised a number of training events and booklets to provide new Scrutiny members with an overview and understanding of scrutiny's role, activity and process.

In addition, the Members attend pre-Committee meetings to discuss, analyse and understand the issues being considered, and where necessary ask for further clarification of the information provided.

## POLICY DEVELOPMENT AND PRE-DECISION SCRUTINY

During the year, Members have undertaken a significant amount of pre-decision scrutiny and policy development work in respect of social care, communities and housing. Details of some of the Committee's work are provided below. A full list of the topics covered by the Committee is provided on pages 5-6 of this report.

When considering pre-decision items, Members are advised to:

- i) Look at the information provided in the report to Cabinet to see if this is sufficient to enable the Cabinet to make an informed decision;
- ii) Check the financial implications section of the Cabinet report to be aware of the advice given;
- iii) Check the legal implications section of the Cabinet report to be aware of the advice given;
- iv) Check the recommendations to Cabinet to see if these are appropriate.

### Housing Revenue Account Business Plan 2020/21

On 4 March 2020, the Committee considered the 2020/21 Housing Revenue Account Business Plan prior to consideration by the Cabinet at its meeting on 19 March 2020.

The report covered:

- Maintenance of the Wales Housing Quality Standard (WHQS)
- New Build Housing Programme, including the Cardiff Living Partnership
- Delivering Energy Efficiency
- Remodelling and Refurbishment of existing homes
- Estate Regeneration
- Neighbourhood Regeneration and Area Improvements
- Community Living, including managing anti-social behaviour.
- Support for Tenants, including participation, consultation and supporting the vulnerable
- Community Hubs
- Impact of Welfare Reform
- Homelessness & Housing Need



During the meeting it was confirmed to Members that there are challenges and issues in meeting certain aspects of the Welsh Housing Quality standards, however officers are striving to continuously recognise and address such challenges. Members of the Committee reiterated to the witnesses the importance in striving to continue the aspiration to go 'above and beyond' such benchmarks in order to deliver high quality homes for Cardiff residents.

The Committee were concerned to hear that repairs (including the cost of repairing void properties) costs the Council on average £18m per annum. As such, Members have requested further information on how repair requests for those properties which are lived in are monitored, if requests are scaled and sight of how they are logged. In addition Members also requested further information on how tenants' complaints are managed and organised.

With regard to the Council's Anti-Social Behaviour team, Members sought clarity on the team's role, which includes providing support to the victims, working with the perpetrators and acting against the perpetrator. Members were unsure how such roles, which could be perceived as conflicting, were managed given the complexities and sensitives within this field and are awaiting further information in this respect.

Members were pleased to receive confirmation that there has been a significant development in the in-house team in addressing void properties along with development of a Dynamic Purchasing Arrangement within the procurement process. Additionally Members were also pleased to note the level of engagement with tenants documented within the plan and recommended that within such work, consideration be given to running a focus group and/or survey which focuses on tenant well-being.

## **Alley Gating on Public Highways Cardiff Council Policy & Strategy 2020**

On 4 March 2020, the Committee considered, 'Alley Gating on Public Highways – Cardiff Council Policy & Strategy 2020' prior to its consideration by the Cabinet at its meeting on the 19 March 2020.

In 2008, Cardiff Council implemented an Alley Gating policy, since then, over 180 lanes have been gated, benefitting approximately 7,500 properties and helping to limit opportunities for crime, anti-social behaviour and environmental issues such as fly tipping. In 2014, the tools available for Local Authorities to consider alley gating changed, following the introduction of new legislation. Gating Orders (previously under the Highways Act) were replaced with the introduction of Public Spaces Protection Orders (PSPOs) under the Anti-Social Behaviour, Crime & Policing Act and unlike Gating Orders, PSPOs are time-limited for a maximum of 3 years and so must be reviewed before they expire to determine if they should be extended, revoked or varied. It was these changes in legislation which brought forward the need for Cardiff Council to update its policy on Alley Gating.

During the Committee meeting concerns were raised over the anticipated timescale of delivery, which as detailed in the Cabinet Report can take, on average, 9 months to complete due to the consultation and prescribed legal processes. Members felt assured that their concerns regarding the length of time was shared by the Executive and at the measures in place to try and alleviate constraints and accelerate the process where possible.

It was confirmed to Members that it costs on average £3,000 for fabrication and installation of a gate set. Subsequently Members have request a totality figure for a gate set which includes the holistic cost of reviewing PSPOs, installation of gates, consultation exercise, legal fees, maintenance costs, issuing of keys and resource costs (such as officer time). In addition Members also queried what other measures are considered for addressing community safety issues and were informed that other measures such as cameras are considered however they too present challenges in terms of cost and effectiveness of response. Following the discussions, Members requested comparative costs of alternative measures in a totality figure along with information on levels of enforcement and maintenance of lanes which have been gated.

In terms of the draft policy presented to Committee, Members recommend that the information captured in the policy surrounding the Council revoking a PSPO in extreme cases of persistent vandalism to the gates be amended to better reflect the steps which would be taken prior to such action. Additionally, following the questions raised at Committee regarding the monitoring of keys issued for gates and the absence of its

reference within the draft policy, Members also recommended the policy be amended to include an overview of the existing procedure in place for monitoring keys.

Due to the legislative changes which now require a three yearly review process of all PSPO's and the potential resource and financial implications of this requirement, Members also recommended consideration be given to liaising with partners such as the Police and South Wales Fire Authority to identify if they could possibly contribute to the costs in order to alleviate such pressures.

## **Risk Based Verification Policy for Housing Benefit & Council Tax Reduction**

On 6 November 2019 Committee considered the Risk Based Verification Policy for Housing Benefit and Council Tax Reduction prior to its consideration by Cabinet at its meeting on 21 November 2019.

The proposal considered by Committee was to introduce 'risk based verification' for all housing benefit and council tax reduction claims in line with guidance set out by the Department for Works and Pensions. It is to note that Risk Based Verification is a method of applying different levels of verification checks to claims according to the predicted risk associated with those claims. The approach allows less evidence to be accepted for those cases deemed to be at lower risk of fraud and error while increasing the verification activity focused on claims more prone to fraud and error.

The Committee received legal advice that due to the sensitivity of the information contained in the Report, Appendices and draft Policy, the item should be taken in closed session and not available for public inspection in order to prevent crime as set out in Schedule 12A, paragraphs 14, 18 and 21 of the Local Government Act 1972. However, Members were unsure if the legal advice outweighed public interest and so a Public Interest test was undertaken. Although it was felt by Members that the Public Interest test in exempting the information had not been met, in order to receive the information from witnesses, the Committee agreed to take the item in closed session.

Following their consideration of the proposal Members concurred there is a significant public interest in the Council procuring software to profile claimants and determine risk. As such, being mindful to GDPR and our duty as governing body, Members recommended all claimants be made aware of this profiling through the use of explicit notices both online and on the paper based application forms along with the providing claimants with information on the ability to opt out.

Members also requested officers seek further legal advice for clarity on what information can be put in the public domain both within the cabinet report and the policy itself and were advised that after seeking further legal advice and in line with the guidance issued by the Department for Work and Pensions, the Appendices to the Report and Policy itself is exempt from publication, the Cabinet Report can be published.

### **Older Peoples Care Home Fee Setting Strategy 2019/20 – 2022/23, Recommissioning of Care at Home – a Two Year Plan for Cardiff Care and Social Services Charging Policies**

During this municipal year, the Committee analysed a range of proposals surrounding the city's provisions of care for Adults. During its November meeting, Members were presented with the Draft Older Peoples Care Home Fee Setting Strategy 2019/20-2022/23 prior to its consideration by Cabinet. This strategy was the first element of the overall proposal to modify the provision for Care and presented an evidence based approach to the adoption of a standard fee. During the meeting Members questions the schedule of the approach and if the timeline of setting a standard fee prior to confirming a procurement process posed any risks. Members were informed that the setting of a standard fee in the first instance is common practice across the country and officers were confident that the level of engagement with providers during this process has helped mitigate any potential risks. During their analysis Members were pleased to note the alertness to the projected increase of Cardiff's population and the work required in addressing this projection by growing and developing the market and look forward to seeing how such work progresses over the coming months.

During its January Committee meeting, Members were provided with a further two proposals; The Recommissioning of Care at Home – A Two Year Plan and Social Services Charging Policies prior to Cabinets consideration on 23 January 2020. The Recommissioning of Care proposal put forward a new vision and approach for the provision of domiciliary care in Cardiff with the commissioning of a new locality based, outcome focused, care model. Following consideration of the report Members again raised concerns over the proposed timeline due to the heavy reliance on interdependences working in partnership. Members also raised concerns that a ‘Cost of Care’ exercise had not yet been completed making it difficult to analyse the full impact and effectiveness of the proposal. Members were informed that the reasoning behind the timeline was due to contracts ending and were further advised that some preliminary financial modelling has been conducted by the service area’s accountants prior to the proposal and that all changes will be implemented on a staggered basis in order to mitigate risks. Members were further advised that a Cost of Care Exercise is to be conducted between January – May 2020 and requested a briefing following its completion along with further information on how quality of care will be measured under the quality framework.

The Charging Policies put before Members set out the responsibilities of Cardiff Council concerning charging for costs incurred when providing care and support in a residential, nursing or non-residential settings. It also defines what costs are chargeable and those non-chargeable and a breakdown of how an individual’s income and capital is calculated within the financial assessment. Members were pleased to welcome such comprehensive plans in the service areas bid to ensure members of the public fully understand the policies and process which could be relatable during a particularly sensitive time.

Although Members were advised that the impact of these policies will be continuously reviewed, as these are new policies, and in order to ensure any complaints or possible process errors, particularly with regard to the financial assessment are rectified early and efficiently, Members recommended that the policy be reviewed twelve months from its initial implementation.

## MONITORING PROGRESS

During 2019/20, the Committee requested updates on two key issues in order to be informed of Council progress and to provide their observations and recommendations.

### How the Council Engages with Housing Associations

When considering the Committee's work programme, Members agreed they would wish to undertake a piece of work around the Council's engagement and working relationship with Housing Associations with a particular focus on;

- How the Council works with HA's around the letting of properties / waiting list
- How the Council works with HA's on the development of new properties

Representatives from seven different Housing Associations were invited to Committee to share their knowledge, views and perspectives of the relationship, along with possible areas for development.

Overall, Members concluded that there is a clear, professional and strategic relationship between the Council's Housing department and Housing Associations however certain areas did require improvement. Issues raised and recommendations made by Members following the meeting included:

- Although there is evidence of ongoing meetings in addressing vulnerable individuals between the Council, Housing Associations and other third party representatives more work is required. Following a discussion with the witness it became apparent that such meetings require a sharper focus on the agenda and frequency and that all information disseminated is done so with clarity.
- Following the feedback received from Housing Associations during the meeting, Members recommended consideration be given to reviewing the current Exclusion Panel in order for Council and Housing Association officers to continue actively working together to further the management of risk in housing vulnerable individuals.

- Although Members were pleased to note the strong relationship between the Housing Associations and the Council's housing department, it was clear that such relationships were not replicated with other Council departments. It was felt by Members that further positive relationships with areas such as social services, waste and planning which could generate a positive impact and mitigate risks in other areas of work such as anti-social behaviour should be encouraged and facilitated.
- Members also recommended the Council work in collaboration with housing associations with regard to bringing empty properties back into use, the Housing First pilot and upcoming projects such as community regeneration and employability skills.
- Members also suggested a more collective approach toward brand building between the housing associations and governance structures be sought through shared lobbying with the hope it could result in increased funding for specific projects.
- In terms of developing new properties, Members were advised by the housing associations of the avoidable barriers resulting in development delays as a result of the wording in Section 106. Members requested officers within the legal service explore the possibility of amending the wording in section 106 in order to alleviate some pressure faced by housing associations.
- Members felt that a shared vision in terms of design standards is an area which could further be explored with housing associations in order to put in place ambitious, class-leading standards and recommended this be taken forward.

The Committee recommendations and comments received a positive response from Cabinet and Senior Officers and it was confirmed that there will be a review of the Exclusion Panel and in order to enhance joint working a review of meeting structures and reporting arrangements between the partners will be carried out. It was further confirmed that the Committees recommendations on greater collaboration with the housing

associations and shared lobbying will be discussed at a future meeting with RSL Chief Executives.

Officers further confirmed that steps towards ensuring a shared design standards for social housing across Cardiff will be taken and Members will be updated on development in due course. It was also confirmed that officers were currently awaiting response from legal officers on the wording of S106.

## Older People: Access to Information, Advice & Services

As detailed in the Council's Corporate Plan (2019-22), the number of people living in Cardiff aged between 65 and 84 is expected to rise 40% in the next twenty years<sup>2</sup>. As such, with the Council's development of a digital agenda and digital service Members were mindful that the inclusion of the elderly and their needs must be at the forefront of service developments.

At the October 2019 meeting of this Scrutiny Committee, Members received a briefing from officers within Housing & Communities, Adult Social Services, Resources and Dewis Cymru. The Cabinet Members for Social Care, Health & Wellbeing and Cabinet Member for Housing & Communities were also in attendance. In particular Members wished to receive an update on how the Council is accommodating the need of the older person in accessing services, focusing on:

- How the development of the Council's digital strategy is being aligned with the needs of an ageing community.
- An overview of how the hubs are specifically accommodating the need of older people accessing information, advice and services

Following their analysis it was felt by Committee Member that there is still significant work required in order to ensure the older populations needs and requirements are adequately addressed when developing the Council's digital agenda.

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<sup>2</sup> Cardiff Council's Corporate Plan is available at: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202019-22%20FINAL%20ENG.pdf>



During the meeting Members were advised that although one of the principles of the digital strategy is 'digital first', Cardiff will not be taking forward a digital by default approach as not all of the Council services lend themselves to being digital by default. Although Members agree with this statement they raised concerns that these comments are contrary to what is stated within the strategy which specifies that the strategy will move the Council to 'digital by default' and that alternative routes will become the exception and not the norm. Members were concerned by such perspective and highlighted that such focus could lead to a possible detrimental impact on social isolation, directly impacting the wellbeing objective 'Cardiff is a Great Place to Grow Older'.

When questioning how the older population fed into the development of the strategy, Members were pleased to hear that consultation and mandatory testing takes place with Cardiff Citizens Panel and Digital Accessibility Centre which focuses on a range of different stakeholder groups. However Members were apprehensive that given the digital drive, greater consultation may be required particularly with the older and more vulnerable population. As such, Members recommended that when developing and implementing the strategy stronger consultation specific to the older generation, including those most vulnerable is required and should be conducted through listening groups and user testing.

Members were pleased to receive an overview of the impressive work currently being undertaken in the Hubs along with the available, in-depth resources such as Dewis. However concerns were raised regarding the current channels of communication with the elderly and most vulnerable, such as ensuring the housebound are aware of the services and assistance which exist. Members believe there to be scope for a specific strategy to be developed and would recommend utilising radio, newspapers and TVs, more traditional forms of media, as a way of ensuring better connection with the most vulnerable, particularly those who may be housebound.

## Council House Build Strategy & Design Standards Update

Following the Committee's Work Programming Forum for 2019-20, Members requested to receive updates on the Council's Council House Build Strategy and Cardiff Design Standards. In particular, Members wished for the update to include:

- Current status of property developments;
- The scheduling of planning submissions
- A focused update on design standards – to include an update on possible work with shared design standards with Housing Associates (*as mentioned at CASSC's June 2019 Committee*) and detailed progress of the required update on Design Standards (*as mentioned at CASSC's May 2019 Committee*)
- Update on placemaking – with particular focus on what is informing placemaking.

Overall, Members were pleased to note the appetite displayed at Committee to push boundaries in terms of design and placemaking along with the levels of engagement with the public through consultation. Throughout the course of the year, Members reiterated the importance in continuing to drive standards and generate property developments which generate inspiration across the country; leading the way in architecture design and providing Cardiff residents with both high quality housing and living standards.

Members were also encouraged by the developments of the zero energy standards which is currently being taken forward at the Rumney High site and look forward to visiting the development in due course.

Throughout the course of the year Members have continued to monitor and seek assurance that the Council House build target of 1,000 new council properties by 2022 will be met. When questioning the risk, deliverability, and achievability of meeting such targets Members were pleased to receive continued confidence that targets will be met. When probing why completed figures were generally relatively low, Members were advised that was due to the length of the planning process, however once the planning stage is complete officers were confident figures will cumulative on a much greater scale. It is also to note that during its March Committee, Members were advised that when developing properties, officers are mindful to unforeseen issues or challenges which cannot necessarily be foreseen or managed could potentially impact targets.

## COMMUNITY SAFETY AND CRIME & DISORDER SCRUTINY

During 2019-20, Members undertook the following work to discharge their responsibilities in scrutinising the work or action taken by the responsible authorities in connection with crime and disorder functions as required by the Police and Justice Act 2006.

### Fear of Crime and its Effect on Cardiff Communities

When reviewing ASK Cardiff 2018 results, Members were concerned to note that although the findings provide the overview that crime rates are dropping in Cardiff; more than two in five respondents (42.1%) believed crime and anti-social behaviour had increased in their local area over the past 12 months and half (50.6%) of respondents from the most deprived areas believed crime to have increased in their area in the past 12 months. Members concurred that such results could possibly indicate a worrying trend in Cardiff communities' perception of crime and wished to investigate further.

During its January 2020 meeting, Members invited Chairs of the both the Community Safety Leadership Group and Community Safety Delivery Board (Community Safety Partnership / CSP) and representatives from FOR Cardiff in order to deliberate and discuss the effectiveness of the Community Safety Partnership in addressing this issue.

It was strongly felt by Committee Members that although statistics may indicate that Cardiff as a whole is a safe city, if the public's perception does not correlate with such statistics, it does in fact question the statistics validity. Members felt that it is vital the public's perception and fear of crime be adequately recognised and resourced and Members felt concerned about a possible disconnect between the professionals perception of Cardiff's safety and that of the public.

In an attempt to ensure partners are focused on key issues for Cardiff citizens, Members discussed the current approaches towards addressing the challenge of drug dealing on both a lower and county lines level. During the meeting Members questioned the strategies' and measures currently in place to respond to such workings. Committee Members emphasised that it is essential that the effect drug dealing is having on

communities, across Cardiff, must be more greatly recognised by professional bodies by applying an increased focus and pressure on all types of drug dealers and look forward to monitoring such work in the coming years.

Following a lengthy discussion which addressed various strands of crime and how this in turn impacts public perception Members recommended the following:

- In order to address the disparity between the perception of the public and professionals, improved communication channels between the CSP and public is required. Following the meeting Members wished to stress that along with the importance of cascading information outward of the CSP, it is equally important that the CSP receives information inwardly and recommend that a clear link for citizens and victims of crime to feed their perspective and comments into the board is considered as soon as possible. Members believe that such a channel of communication would help build public confidence and the distribution of good news and positive messages into the public arena along with addressing the underreporting of crime.
- To further address public perception, the CSP and bodies within it should take greater responsibility in generating more positive media of their successful workings. It was felt by Members that greater coverage will not only aid the public's perception of crime but help build the public's confidence and engagement.
- With regards to the 101 service, the issue of dealing with demand was highlighted to Members who recommended benchmarking against other services, who have similar capacity and demand issues in order to understand and compare how such challenges are managed whilst ensuring the public receive consistently good customer service in order to again aid the public's perception of crime. Further to this, Members also suggested call handling statistics and other measures of public experience be vigorously monitored in order to ensure performance is continuously checked.

## CORPORATE PLAN & BUDGET

The Council's Constitution allows for scrutiny committees to consider the draft Cabinet budget proposals prior to their consideration by the Cabinet and Full Council. The Committee considered the Council's draft Corporate Plan and draft budgetary proposals for 2020 -21, including the detailed savings proposals and Capital Programme at its meeting in February 2020.

The Committee identified a number of issues across the Corporate Plan, Corporate Budget and Directorate Budget reports. These concerns were included in a letter, sent to the Policy Review and Performance Scrutiny Committee for it to take into consideration when it reviewed the overall Corporate Plan, Consultation and Budget proposals on 19 February 2020 and to the Cabinet for consideration at its meeting on 20 February 2020.

The Committee's letter was considered by Cabinet and Council during their deliberations on the proposals.

## MONITORING PERFORMANCE

The Committee has a clearly defined role in the Council's improvement and governance arrangements, and its work programme includes a high level of the monitoring and review of Directorate performance, resource management, target setting and improvement management.

### Quarterly Performance Reports – Adult Social Services

During 2019/20 the Committee noted general performance improvement across many indicators in Adult Social Services and recognised the service areas drive and enthusiasm for continuous improvement.

In line with the Social Services directorate leadership team restructure; Committee Members have aspired to keep an attentive eye on any potential impact this may have on services through consistent monitoring of Quarterly Performance Reports. In addition, during the course of the year Members have also monitored both the operational approach and strategic vision of the service area's vision to stimulate a 'strength based approach' culture.

During the course of the year, Members expressed their concerns over recruitment for approved mental health practitioners, general capacity issues and its possible correlation with sickness rates which marginally rose throughout the year. Such continuous monitoring has provided Members with significant oversight and understanding of the service areas overall performance allowing Members to make recommendations on targets and share informed observations.

### Quarterly Performance Reports – People & Communities

Following regular monitoring of the People & Communities performance reports which fall within this Committee's remit, Members raised the following concerns:

- The 2019/20 Quarter 1 performance report detailed that the number of Council houses properties currently delivered stood at 109 (against a target of 400 for 2019/20). Members are mindful to the degree of variables within a development process however recommended that an Amber RAG status (as opposed to Green) for this commitment would have been more prudent;

- Generic concerns were also raised regarding the overall levels of targets with the feeling amongst Members that some targets may not be ambitious enough. Members recommended targets be rigorously developed in order to set focus on sufficiently challenging targets which underpin a culture for continuous development.
- Members also sought further information on the status of commissioning services for male victims of domestic abuse, the development of satellite pods and how social isolation for single people is addressed.

During the course of the year Members received a briefing note providing an update on the Committee's previous deep dive into Council House Void Management. Following their deep dive, the Committee made 16 recommendations all of which were accepted and Members wished to receive an update on how such recommendations were being implemented. In addition to this update, Members of the Committee also undertook a visit to three void properties all of which were at different stages of development. This visit provided Members with further insight and knowledge on the complexities of managing void properties.

With regard to the format of the report, Members requested consideration be given to better incorporating narrative on the known challenges along with providing trends and analysis from previous years in order to stimulate a clearer perspective of how performance is developing.

Following consideration of both Adult Social Services and People and Communities Performance Reports, the Committee has regularly written to the Cabinet Member seeking clarification, requesting information and recommending improvements.

### **‘Closer to Home’ Project: Out of County Placements for Adults with a Learning Disability**

During the course of the year a number of Committee Members, along with Cllr Bablin Molik and Cllr Susan Goddard (who previously sat on the Committee) have undertaken an in-depth analysis on the decision-making process for supported living arrangements for adults with a learning disability; focusing on the current pathways in place for transitioning identified individuals back into county. During a formal meeting of the Committee, it was agreed that the Inquiry was to be chaired by Councillor Mary McGarry.

The inquiry comprised of 10 meetings which included 3 all-day visits to both local and out of county providers, attendance at a national conference, verbal briefings and presentations with the Cabinet Member, senior officers and external consultants.

During the course of the inquiry, extensive desk based research was undertaken and written evidence was also received from both local and out of county providers during the inquiry’s Call for Evidence. The Call for Evidence sought to obtain information on the whole transition process including initial assessment, review of placement, and the providers’ involvement in any transition and the monitoring arrangements in place for any individuals who may have transitioned.

Inquiry Members also commissioned independent research into this area, tasking Scrutiny’s Research Officer to address, through consultation with parents and advocates, the current pathway in place for transitioning identified individuals in order to identify possible areas for improvement.

The report and recommendations are currently in draft form and are awaiting an appropriate, and safe time to be presented to the Cabinet Member and senior officers for their initial feedback following the global pandemic of Covid-19.



## **Cabinet Responses to Previous Inquires**

During the course of the year Committee Members received two cabinet response from previous inquires conducted by this Committee:

### Community & Adult Services and Children & Young People Scrutiny Committees joint Task & Finish Inquiry on 'Preventing Young People's Involvement in Drug Dealing'

- Conducted during 2018 and presented to Cabinet in January 2019, this inquiry made 19 recommendations to Cabinet, 12 were accepted, 6 accepted in principle and 1 was not accepted.
- Members received the Cabinet response and action plan on implementing the recommendations at its November Committee.
- Following the update, Members of the Committee requested a progress report during the next municipal year.

### Temporary and Supported Accommodation: The Single Person's Gateway

- Following an in-depth meeting conducted in early 2019, Members made 9 recommendations to Cabinet, 7 were agreed and 2 were accepted in principle.
- Members received the official Cabinet response and action plan during its March Committee.
- Following the update, Members have requested a progress report during the next municipal year.

## WORK PROGRAMME FOR 2020- 21

Members of the Committee will be invited to consider items for possible inclusion in the Committee's work programme during 2020-21. Work is currently in progress to draw together issues for the Committee to consider. A draft work programme will then be developed and brought to Committee for approval and implementation. The Committee would welcome suggestions for scrutiny items from other Members.

## FUTURE SCRUTINY WORK

During 2019/20, there were a number of issues that had been identified as Items for the Work Programme, but were unable to be considered, due to time pressures. In addition, there were a number of issues that arose from the Committee's deliberation of Items. Therefore, the following may be considered for the 2019/20 Work Programme.

- ❖ Void Properties – development of in-house team and collaboration with local business.
- ❖ The effectiveness of multi-agency work in addressing rough sleepers needs
- ❖ Management and monitoring of the UK Resettlement Scheme
- ❖ “Designing Out Crime” in New Communities
- ❖ Review of Safety checks in High-Rise Properties
- ❖ Cardiff & Vale of Glamorgan's Violence against Women, Domestic Abuse & Sexual Violence Strategy 2018-2023 (*Update*)
- ❖ Performance Reports
- ❖ Relevant Audit, Inspection and Regulatory Reports.
- ❖ Cabinet Responses to previous Inquiries.
- ❖ Implementation of agreed recommendations from previous Inquiries.
- ❖ Joint Commissioning Strategy for Adults with a Learning Disability 2019-2024 (*Review of Action Plans*)
- ❖ Cardiff Design Standards
- ❖ Welsh Government Rent Cap Updates
- ❖ Council Void Properties – Quarterly Updates
- ❖ Access to Community Mental Health Services.



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## A Report of the: Economy & Culture Scrutiny Committee

# Annual Report

2019- 2020

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



**Cardiff Council**

## Economy & Culture Scrutiny Committee Membership



Councillor Nigel Howells  
(Chairperson)



Councillor Iona Gordon



Naz Ismail – Youth Council



Councillor Jane Henshaw



Councillor Gavin Hill-John



Councillor Christopher Lay<sup>1</sup>



Councillor Thomas Parkhill



Councillor Adrian Robson



Councillor Abdul Sattar



Councillor Ed Stubbs

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<sup>1</sup> Councillor Lay joined in January 2020, replacing Councillor Simmons

## TERMS OF REFERENCE OF THE ECONOMY & CULTURE SCRUTINY COMMITTEE

- To scrutinise, measure and actively promote improvement in the Council's performance in the provision of services and compliance with Council policies, aims and objectives in the area of economic regeneration.
  - Cardiff City Region City Deal
  - Inward Investment and the marketing of Cardiff
  - South East Wales Economic Forum
  - Economic Strategy & Employment
  - European Funding & Investment
  - Small to Medium Enterprise Support
  - Cardiff Harbour Authority
  - Lifelong Learning
  - Leisure Centres
  - Sports Development
  - Parks & Green Spaces
  - Libraries, Arts & Culture
  - Civic Buildings
  - Events & Tourism
  - Strategic Projects
  - Innovation & Technology Centres
  - Local Training & Enterprise
- To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.
- To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures, which may enhance Council performance or service delivery in this area.

## CHAIR'S FOREWORD

*This report covers our work in 2019-20, before the Coronavirus Pandemic changed our landscape completely. Scrutiny will need to adapt accordingly, to accommodate safe distancing and be able to respond swiftly to a fast-changing environment. We are well placed to do this, with strong scrutiny, mature relationships and a commitment to partnership working and constructive criticism. This review of our work demonstrates these elements, highlighting where we have helped to refine reports to Cabinet, thus strengthening the governance of the Council, and undertaken proactive scrutiny covering Culture in Cardiff and Events in Cardiff, thus helping to improve provision. We have continued to take a light touch approach to our monitoring role, in recognition of the good level of performance in the areas we cover.*

*Much of our work this year has been pre-decision scrutiny with many of these reports seeking approval for the next stage of project work and so offering the opportunity for us to inform policy direction. A significant number of these reports contained confidential information that we commented on; we have shared our scrutiny of these as far as we are able to without breaching confidentiality.*

*We know that our work going forward will cover the redesign of frontline services to enable participation in a safe way as well as how we work with partners to tackle the impact on our economy and reprioritisation of Council resources. We are mid-way through our Inquiry into Tourism in Cardiff, paused during the lockdown; we will reframe this in light of the impact of the Pandemic. We will retain our commitment to scrutinising through the lens of the Climate Emergency we face.*

*I am delighted that the whole Committee unanimously supported the inclusion of a Youth Council representative on our Committee and we were pleased to welcome Naz Ismail to our meetings. She has aided our scrutiny and it has been pleasing to see witnesses respond positively to her suggestions and wishing to tap into the Youth Council network to improve service planning and provision.*

*I wish to place on record my thanks to all those who contributed to our scrutiny over the year, whether by attendance at committee or task group meetings or through written contributions; your evidence has helped inform our observations and recommendations. Similarly, I thank my fellow Committee Members and supporting officers for their hard work throughout the year.*



**Councillor Nigel Howells**

**Chair, Economy & Culture Scrutiny Committee**

## 2019-20 INTRODUCTION & OVERVIEW

The Economy and Culture Scrutiny Committee plays an important role in assessing service performance and informing policy development across a range of Council services. The Committee hears from diverse witnesses to inform this work, including relevant Cabinet Members, council officers, partner organisations, citizens and service users. During 2019–20, Committee Members scrutinised items across several Cabinet Portfolio areas, as follows:

- Cllr Huw Thomas – Leader
- Cllr Peter Bradbury – Culture & Leisure
- Cllr Russell Goodway – Investment & Development
- Cllr Sarah Merry – Education, Employment & Skills
- Cllr Lynda Thorne – Housing & Communities.

The Directorates predominantly covered by the Committee's terms of reference are: Economic Development; and People & Communities: Housing & Communities. This report presents the Committee's activities during 2019-20 and, where possible, identifies the impact of the Committee's work upon the areas within its remit. Between June 2019 and May 2020, the Committee scrutinised a wide range of topics, which are listed below.

### **Inquiries**

Where the Committee has undertaken an examination of a topic over a period of time, resulting in a formal report to the Cabinet.

- Cabinet Response: Events in Cardiff Inquiry (*June 2019*)
- Culture in Cardiff: Short Scrutiny (*February 2020*)
- Tourism in Cardiff Inquiry (*ongoing*).

### **Policy Development and/or Review**

Where the Committee has contributed to the Council's policy development processes, for example by considering draft policy documents, and/or where the Committee has considered the implementation of policies, looking at whether this has happened in a timely manner and the impact of the policy, giving the Cabinet the opportunity to know Scrutiny Members' views about whether any changes are required.

- Sport Cardiff

- Cardiff Harbour Authority – Review of current arrangements.
- Cardiff Commitment.

### **Pre-Decision**

Where the Committee has evaluated and commented on policy proposals before they go to the Cabinet, giving the Cabinet the opportunity to know Scrutiny Members' views prior to making their decision.

- Multi- Purpose Indoor Arena
- New Theatre
- Music Strategy
- Cardiff East Industrial Strategy
- International Sports Village (ISV)
- Llanrumney Development
- Town Centre Loan – Coal Exchange
- Corporate Plan 2020-23 and Budget 2020/21
- Libraries and Hubs
- Land at James Street
- Land at Callaghan Square.

### **Monitoring**

Where the Committee has undertaken monitoring of the Council's performance and progress in implementing actions previously agreed.

- Directorate Delivery Plan – Economic Development; People & Communities: Housing & Communities
- Quarterly Performance Reports – Economic Development; People & Communities: Housing & Communities
- Budget Monitoring – Month 4, Month 6 and Month 9
- Welsh Public Library Standards 6<sup>th</sup> Framework
- Cardiff City Region City Deal: Joint Overview & Scrutiny Committee.

### **Call- In**

Where a non-Executive Member invokes the Call-In procedure under the Council's Constitution, to review an Executive Decision prior to implementation.

- None



Over the period June 2019 – May 2020 we held 10 committee meetings and wrote 21 letters, as at March 2020, to the Cabinet, officers and external partners, sharing our comments, recommendations and concerns following the scrutiny of items at committee meetings. Four of our committee meetings were webcast and received 218 views.

We also held forum meetings to consider our work programme for the year as well as task group meetings for our inquiry and our short scrutiny. The Committee ran a short scrutiny on Culture in Cardiff, which took place mostly at committee meetings but also included a forum meeting with the Chief Executive of the Arts Council of Wales who was unable to attend committee due to prior engagements. The Committee is currently part way through an inquiry on Tourism in Cardiff, which has been paused due to the Coronavirus pandemic lockdown.

In November 2019, Members had the opportunity to submit questions to the Environmental Scrutiny Committee to inform the scrutiny of the Shared Regulatory Services' Four Year Progress Update report, which included an Annual Report 2018-19 and a Wales Audit Office follow up review.

In December 2019, we were delighted to welcome Naz Ismail, representative from the Cardiff Youth Council, to sit on our Committee and contribute to the scrutiny of non-confidential items. Members feel that this helps to ensure that we scrutinise taking into account a Young Persons' perspective and helps the work the Council is doing to embed a child rights approach and develop a child friendly city.

This year, Committee Members have continued to focus on testing whether proposals for economic development are compatible with our commitment to sustainable development and the need to tackle the Climate Change emergency that we face. Whilst a significant number of our items were pre-decision, many of these reports to Cabinet were to seek approval for the next stage in a project and thus include policy development within them.

The following pages highlight the Committee's key activities during 2019-20, identify the comments and recommendations made and the Cabinet responses to these.

## Cabinet Response: Events in Cardiff Inquiry

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In July 2019, we received the response from Cabinet to our recommendations made following our Events in Cardiff Inquiry (*February 2019*). Our Inquiry explored what the programme of events in Cardiff should look like and what the Council's role and level of resource for events should be.

To inform the Inquiry, we invited contributions from a range of stakeholders, including Welsh Government, event organisers and providers, FOR Cardiff Business Improvement District, South Wales Police, Cardiff and Vale University Health Board, Cardiff Hoteliers Association, a consultant working on developing a Music Strategy for Cardiff, and Stevens Associates. We also heard from senior officers and Councillor Peter Bradbury, Cabinet Member with responsibility for Events. We received written submissions from Artes Mundi, Pontcanna & Riverside Residents, Public Health Wales and South Wales Fire and Rescue Services. We visited the Principality Stadium to hear their views and undertook desk-based research into approaches used by other local authorities.

Our Inquiry found that events are worthwhile for Cardiff, both economically and socially, enhancing citizens' lives and supporting many jobs and businesses in Wales. However, they also bring costs to statutory services, which are not recompensed, at the same time as there is an overall reduction in available Council resources. It was time to rethink our approach to events in Cardiff.

Our recommendations centred on placing Cardiff Council in an enabling and facilitative role, coordinating partner efforts, consolidating a strategic approach, developing a signature event, lobbying for increased funding to meet the costs incurred by statutory services, and responding to the concerns of affected communities. We also recommended that Cardiff further strengthen its events calendar and increase the legacy and impact of events, for the benefit of local communities and Wales.

Out of 12 recommendations, Cabinet accepted 6 in full and partially accepted 5. 1 recommendation was not accepted; this was in relation to smoothing the event calendar by increasing the number of events held in the current downtime. However, the response from the Cabinet stated that the Council works proactively to plan events, with a strategy

to attract more events throughout the year, and that officers will continue to work with partner venues to ensure the city operates effectively and yield is maximised.

Members were pleased that the Cabinet and senior officers found the Inquiry report useful, with welcome ideas for the future of events in Cardiff. Members were also pleased that, as recommended, the Events Focus Group will be re-established to draw together key stakeholders to ensure wider, collaborative development of the event calendar.

Members agreed to receive an update on the implementation of agreed recommendations at the same time as they received the revised Events Strategy and/or Major Events update, planned for later in 2020.

## **Culture in Cardiff – Short Scrutiny**

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Members held a short scrutiny over two committee meetings in October 2019 and December 2019, with additional forum meetings held in January 2020, to explore the current and future role of Culture in the economy of Cardiff and look at the role of Cardiff Council and partners in ensuring a sustainable way forward for Culture in Cardiff.

To inform this short scrutiny, the Chair wrote to local stakeholders seeking their views. His letter was subsequently shared on social media, widening the opportunity for local stakeholders to contribute. The Chair also sought the views of renowned practitioner in the field, Chris Murray, Core Cities Cultural Cities Enquiry lead officer.

Desk-based research was undertaken referencing good practice from other core cities in the UK and experiences from across Europe, captured via the following publications: Core Cities UK – *Cultural Cities Enquiry Report – Enriching UK cities through smart investment in Culture* – February 2019; and Eurocities – *Future Creative Cities Report – Why culture is a smart investment for cities* – December 2017. Desk based research was also undertaken on other cities in the UK named by witnesses as evidencing good practice re Culture, including Hull and Coventry.

At the October 2019 committee meeting, Members explored definitions of culture and the place-making and economic roles of culture. Members invited Councillor Peter Bradbury,

Cabinet Member for Culture and Leisure, and relevant officers to attend committee for a question and answer session on their views on the current position regarding the work of the Council in relation to culture in Cardiff.

At the December 2019 committee meeting, Members convened a panel discussion, with contributions from Andy Eagle, Chief Executive, Chapter Arts Centre, and Paul Kaynes, Chief Executive, National Dance Company of Wales as well as Councillor Bradbury and officers. At this meeting, Members considered written submissions received from Arts Council of Wales, Literature Wales, Ffotogallery and Chris Murray, Core Cities.

As part of the short scrutiny, in January 2020, Members met with Mr Nick Capaldi, Chief Executive of Arts Council of Wales, who wished to contribute to the scrutiny in person and was unable to attend either committee meeting due to prior commitments that could not be re-arranged. Members also considered relevant information submitted as part of their previous *'Events in Cardiff'* Inquiry (2019) and their on-going *'Tourism in Cardiff'* Inquiry, for example a written submission received from the National Museum Wales.

Members found clear evidence of the importance of Culture to the economy, health and wellbeing of Cardiff. We also found that Cardiff is ideally placed to take advantage of the transformative impact of Culture, with a real willingness from partners to work together collaboratively to promote the distinctive and high quality cultural offer of Cardiff. There are opportunities to align resources around shared strategic objectives and new resource routes available that need exploring.

We also found that partners would welcome the Council taking a greater leadership role in facilitating discussions and providing a framework for collaboration; there is a tangible wish to share responsibility for delivery and for there to be a collective vision for Culture in Cardiff. A key area of concern highlighted by partners is the need to effectively brand and market Cardiff, particularly given the increasing competitiveness of other cities.

Members made 14 recommendations, including developing a short Cultural Strategy, continuing work on a Cultural Compact, exploring new financial and resource levers, and working with partners to develop a suitable brand and market Cardiff's cultural offer. The report has been shared with the relevant Cabinet Member and officers and will be formally presented to Cabinet once meetings recommence following the Coronavirus lockdown.

## Tourism in Cardiff

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At the suggestion of Councillor Russell Goodway, Cabinet Member Investment & Development, Members agreed to undertake an inquiry into tourism in Cardiff, investigating how best to increase the impact of tourism on the economy of Cardiff and how best to maximise the benefits of a new indoor arena. This inquiry has paused due to the Coronavirus 19 pandemic.

To date, Members have explored how to boost day and staying visitor numbers, length of stay and return visits. In addition, Members have looked at whether Cardiff should increase and enhance business, leisure, culture, events, international, sustainable and/ or travel trade tourism and what other tourism infrastructure improvements are needed.

To inform the Inquiry, Members invited written submissions from stakeholders, including tourism operators, accommodation providers, venues, food & drink premises and tourism attractions. Responses were received from Cardiff Hoteliers Association, individual tourism operators, Glamorgan Cricket, Techniquet and the National Museum of Wales.

Members received a briefing presentation from Cardiff Council tourism officers and discussed the characteristics of tourism in Cardiff and the key opportunities and challenges, including branding and marketing. Members are proposing to invite contributions from external stakeholders, including Welsh Government, Visit Wales and For Cardiff Business Improvement District; face-to-face meetings have been paused due to social distancing measures required to tackle Coronavirus 19 and Members are considering how best to approach seeking evidence in the current climate.

Members have received scrutiny officer briefings on tourism strategies and trends in Cardiff, Wales and the UK, including analysis of tourism statistics to see which provided the best economic impact for Cardiff, as well as a comparison between Visit Wales and Visit Scotland's approaches to promoting tourism for cities and their resource levels. Members have requested that scrutiny officers carry out a high-level comparison between Cardiff and other core cities regarding their approach to tourism and resource levels and have also asked to see copies of successful Destination Management Plans used by other

core cities, information on the impact of the recently opened Doha-Cardiff flights, and information on Airbnb in Cardiff.

Members have also asked scrutiny officers to carry out desk-based research into the lessons learnt by other cities in the UK that have recently opened indoor arena, regarding how to maximise the impact of these arena.

During budget scrutiny, Members discussed the proposal to move a Tourist Information Centre from the Old Library to St David's Hall, where staff would signpost visitors to online services. Members intend to explore this proposal further as part of this inquiry.

The desk-based research for this Inquiry is ongoing, whilst face-to-face meetings have been paused because of the need for social distancing as part of the response to Coronavirus 19.

## **Economic Development & Regeneration**

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This Committee scrutinises economic development and regeneration initiatives, looking at how to use these to boost job opportunities and increase local wealth whilst tackling climate change and ensuring development is sustainable. We scrutinise the financial contribution of the Council, how risks to the Council are addressed and mitigated, and how the impact of developments and regeneration can be maximised for citizens and communities, such as via employment, training, improved connectivity and other community benefits. We also check that schemes work together and fit cohesively into the wider economy of the city region.

This year, the Committee has continued its scrutiny of both the Indoor Arena and International Sports Village and looked at new initiatives including Cardiff East Industrial Strategy, Llanrumney Development, a Town Centre Loan for the Coal Exchange, land at James Street and land at Callaghan Square. Much of the information shared with the Committee on these items is confidential; the summaries below provide an overview of the aspects of our scrutiny that we can put into the public domain.

## **Multi-Purpose Indoor Arena**

We carried out two pre-decision scrutinies of reports to Cabinet on the Indoor Arena; in July 2019, we scrutinised the proposed Delivery Strategy; and in December 2019 we scrutinised the proposed procurement process, a new financial strategy and acquisition of the Red Dragon Centre. At both of these scrutinises we checked the risks to the Council and how these were addressed and we tested the recommendations to Cabinet.

At our July committee meeting, we heard from Councillor Goodway, Cabinet Member – Investment and Development, senior officers and a representative from Capita, which has been assisting the Council on this project. We discussed the Committee’s views on the importance of ensuring top quality design and the opportunity to have a carbon neutral building, thus contributing to the Council’s commitment to tackle the climate emergency. We considered access to the arena and the need to provide high quality, accessible and affordable public transport. We looked at how the arena will complement existing facilities in Cardiff and how this scheme fits with other regeneration schemes in Cardiff Bay. Overall, we supported the recommendations to Cabinet and made it clear that we wished to scrutinise the proposed procurement process and choice of operator.

At our December committee meeting, we heard from Councillor Goodway, Cabinet Member – Investment and Development, senior officers and a representative from Bevan Brittan LLP, which has been assisting the Council on this project. We sought assurance regarding the acquisition of the Red Dragon Centre, seeking clarification on State Aid and Treasury Management implications. We questioned whether there needed to be an additional recommendation regarding the management of the Red Dragon Centre and were pleased with officer assurances that they would double check this with Legal colleagues. We asked about the possible impact of Brexit on the proposed financial strategy and sought other assurances regarding proposed changes. Having considered the advice received at the meeting and the independent advisors’ reports attached as confidential appendices, Members supported the recommendations to Cabinet as necessary to move to the next stage of delivering the Indoor Arena.

Members note that several of the independent advisors reports recommend further sensitivity analyses and due diligence checks and look forward to receiving this as part of future scrutiny. Given the complexity of future reports, Members will invite Legal and Finance officers to be present at these meetings to advise the Committee as requested.

Members also asked that officers work together to ensure the Committee receives papers on time, to give them an opportunity to read, digest and consider lines of enquiry, thus ensuring we can play our part in the governance of this scheme.

In his response, Councillor Goodway, Cabinet Member – Investment and Development, stated *'I am grateful for having the opportunity to explain our proposals to you and your committee in advance of the Cabinet reaching its decision on this important project. I am also grateful for constructive manner in which you and committee addressed the significant issues that inevitably arise in a project of this complexity and with the reception afforded to me and my team'*. He confirmed advice had been taken regarding the recommendations and that the issues were covered in the Council's scheme of delegations. He confirmed that the information requested by the Committee will be made available to the Committee as part of their scrutiny. He also offered his assistance to ensure that relevant officers and external advisors are present at the meeting to help it discharge its scrutiny obligations.

### **Cardiff East Industrial Strategy**

At our October committee meeting, Members carried out pre-decision scrutiny of a report to Cabinet that sought approval for a proposed Cardiff East Industrial Strategy and support for the Cardiff Parkway development. Members heard from Councillor Goodway, Cabinet Member – Investment and Development and senior officers. We tested the alignment of the proposed Strategy with the UK Industrial Strategy, noting the possibility of using innovative financing solutions, including Tax Increment Financing and Free Ports. We discussed the need to improve transport connectivity, with active travel routes, a rail link and highway improvements. We considered the opportunities for boosting green tourism by improving the coastal zone and the positive impact that enhancing the environment of the industrial landscape of East Cardiff will have on overall wellbeing.

Overall, Members welcomed the Cardiff East Industrial Strategy and supported the recommendations to Cabinet.

### **Llanrumney Development**

In December 2019, our Committee carried out pre-decision scrutiny of a report to Cabinet on proposals to improve transport connectivity, boost local employment opportunities,



enhance the environment and provide increased outdoor sports facilities in Llanrumney. We heard from Councillor Russell Goodway, Cabinet Member- Investment and Development, and senior officers, who gave a presentation providing visuals of proposed improvements.

At the meeting we explored the generation and use of capital receipts, the support required to ensure local unemployed people benefit from increased employment opportunities, the involvement of local ward councillors in reviewing proposed transport improvements to ensure these meet local needs and the proposals for the Outdoor Sports Complex. We expressed our wish to scrutinise more detailed proposals as these come forward.

In his response to our letter, Councillor Goodway, Cabinet Member – Investment and Development, wrote: *‘ Once again, I am grateful for having the opportunity to explain our proposals to you and your committee in advance of the Cabinet reaching its decision....I can confirm that economic development officials already work closely with the council’s Into Work Team and we will ensure that they both focus on promoting any job opportunities across the local area. In addition, we will also link up with younger people in the area through the Cardiff Commitment Project so that those about to enter the labour market are also aware of the opportunities.... These proposals form an important component of the Administration’s strategy for the east of the city... the support of your committee is very much valued.’*

### **International Sports Village (ISV)**

Building on previous scrutiny in March 2018 of proposals for the International Sports Village (ISV), in October 2019, we carried out pre-decision scrutiny of a revised development strategy for the ISV, including considering land ownership and use as well as future operating models and appropriate procurement processes to identify these.

We considered financial and legal implications, risks to the Council and the fit between these proposals and the wider Cardiff Bay regeneration plans, including aspects we have previously scrutinised such as purchase of the Toys R Us site and land at Britannia Park.

We received confidential information relating to the Financial Strategy and Contractual Issues as well as information on land ownership, proposed phasing and the new development strategy. We heard from Councillor Russell Goodway, Cabinet Member – Investment and Development and senior officers and discussed with them the need to apply lessons learnt from earlier schemes regarding how best to build a sense of place and a sense of community. Members highlighted the need to factor in appropriate, open spaces for residents as well as enhancing the leisure offer of Cardiff and were pleased to note that public and active transport infrastructure are highlighted for improvement and enhancement.

Having considered the evidence received, Members gave their support to the recommendations to Cabinet, recognising the need to utilise a pragmatic strategy to finish the ISV and ensure benefits to the surrounding communities, Cardiff and the region.

### **Town Centre Loan – Coal Exchange**

In January 2020, we agreed to accommodate an urgent item looking at a proposed loan of Town Centre regeneration funds to the Coal Exchange. We received confidential information as part of a report to Cabinet, which Councillor Russell Goodway, Cabinet Member – Investment and Development, and Neil Hanratty, Director of Economic Development, took Members through at the meeting.

We explored the due diligence undertaken and the risks to the Council and were pleased to hear reassurances on these and to hear details of the work to mitigate risk and to reduce the Council's exposure. On this basis and with confidential caveats in place, Members gave their support to the recommendation to Cabinet, to approve a Town Centre regeneration loan for the Coal Exchange. Members recommended some changes to the report to Cabinet, to help ensure clarity. Members also made it clear that they wish to undertake pre-decision scrutiny of any further applications for loans for the Coal Exchange project, even if the amount requested falls under delegated authority and sought Councillor Goodway's assurance that this would happen. Members also requested a summary showing all the projects funded by Town Centre regeneration loans and the amount lent to each.

In his response, Councillor Goodway, Cabinet Member Investment and Development, stated: *'Can I thank you and your Committee for agreeing to take the report as an urgent item and for the constructive comments included in your letter... As requested, I can confirm that the recommended changes to the Cabinet report set out in the letter were incorporated in Appendix 1 and 2 to provide more clarity. I can also assure your Committee that if any further applications for funding toward the Coal Exchange project are received they will be subject to further due diligence and will be brought to your Committee for pre-decision scrutiny.'* Councillor Goodway included a summary of Town Centre regeneration loans, as requested.

### **Land at James Street**

In March 2020, Members carried out pre-decision scrutiny of a report to Cabinet on acquisition of derelict land at James Street, Butetown. Members heard from Councillor Russell Goodway, Cabinet Member Investment and Development, and senior officers and reviewed plans to bring the land back into productive use as well as restore and enhance the council owned workshops at Royal Stuart and Douglas buildings. Members explored the risks, financial and legal implications for the Council and the work to mitigate these.

Members sought clarification on the work in relation to the workshops; our previous scrutiny of workshops highlighted what a crucial resource they are for small and medium sized enterprises and Members are aware these particular workshops play a key role in the creative industries of Cardiff. Members recommended a communication plan be put in place to ensure tenants are kept informed of plans and progress.

Overall, Members are supportive of the recommendations to Cabinet and placed on record our thanks to the team of officers who have worked to enable this. It is clear that significant work has been undertaken to bring together the various elements that allow the proposals to be brought together as one scheme.

Members wish to be kept informed of progress with this site.

## **Land at Callaghan Square**

At Committee in March 2020, Councillor Russell Goodway, Cabinet Member Investment and Development, and senior officers provided Members with a confidential briefing on the current position regarding land at Callaghan Square. Members noted that the briefing showed the progress to date and that final proposals to Cabinet had yet to be decided. Members noted the overall policy of the Council to increase the return on land assets and that any proposals for this site will go through the planning process as usual.

Whilst appreciating the briefing, Members were clear it could not constitute pre-decision scrutiny, as they did not have access to the report to Cabinet. Members appreciate that officers are working to align report timelines, as discussed with Scrutiny Chairs and the Leader; this will help ensure stronger scrutiny and so help boost transparency and accountability for the Council.

## City Deal

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This Committee has continued to receive regular update reports on the work of the Joint Overview and Scrutiny Committee (JOSC) for the Cardiff Capital Region City Deal. These update reports provide a brief summary of items scrutinised, with a hyperlink to meeting papers and draft minutes, as well as a summation of the outcome of the JOSC scrutiny. This is in order for Members to see which areas are being scrutinised, to ensure that we avoid duplication, and keep abreast of information shared with the JOSC. The update reports also include a brief summary of reports taken to the City Deal Cabinet, with hyperlinks to their meeting papers.

At the Committee meeting in September 2019, Members discussed their concerns with the existing scrutiny, including concerns that CCRCD Members were not attending JOSC meetings, items were briefings rather than policy development or pre-decision scrutiny, and the information provided to the JOSC seemed scant when considering the topics being scrutinised. Councillor Howells explained that the Cardiff Council Scrutiny Chairs had written to the Chair of the Cardiff Capital Region City Deal (CCRCD) Cabinet to stress that more resource is needed to undertake sufficiently rigorous scrutiny of the City Deal, for example to enable site visits, research and engagement activities. Economy & Culture Scrutiny Committee Members asked the Chair to write to Cardiff Council's representative on the JOSC, Councillor Patel, proffering their support for more resources for the JOSC.

We discussed these concerns further in February 2020 with the Leader, Councillor Thomas, during the Committee's scrutiny of the budgetary proposals. Members were pleased that Councillor Thomas stated he would feedback their concerns about the existing scrutiny arrangements and noted his support for this Committee undertaking appropriate scrutiny of the City Deal. This is something Members are interested in and intend exploring in more detail during work programming for 2020-2021, ensuring any scrutiny we undertake is constructive and avoids duplication with JOSC scrutiny.

## Front Facing Services

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A key role of this Committee is to scrutinise the delivery of front facing services covered by our terms of reference, including venues, culture, sport, leisure, employment services, libraries and hubs. These services are vital to improving people's lives, providing employment, boosting health and well-being and promoting community cohesion. This year, we have scrutinised significant changes proposed for one of our venues, the New Theatre, as well as proposals for a new Music Strategy, the next stage in the Sport Cardiff Joint Venture, the Welsh Government sponsored review of Cardiff Harbour Authority, the delivery of Cardiff Commitment and proposals for libraries and hubs.

### New Theatre

In October 2019, we considered a report to Cabinet that presented the outcome of a market process to secure a theatre operator to rent, operate and maintain the New Theatre and sought Cabinet approval for the recommended tenant. Members heard from the relevant Cabinet Member, Councillor Bradbury, and senior officers and explored with them the key factors shaping future plans, any risks to the Council, the next steps and the timelines involved. Importantly, Members tested the recommendations to Cabinet.

Overall, Members supported the direction of travel set out in the report, in terms of moving to a property lease with a theatre company that then has responsibility for operating the theatre in a sustainable way for the benefit of Cardiff and the region. We noted that the Council retains responsibility for external maintenance and also noted that the Equalities Impact Assessment stated that *'any positive/negative impact will be considered and evaluated as part of the lease negotiations.'*

We requested further details of the likely costs to the Council re external maintenance and recommended that rental income received via the property lease is ring-fenced for future external maintenance costs. We asked to be kept informed of progress in lease negotiations, highlighting it is essential that the theatre operator maintain the current level of accessibility and inclusion. We also asked to receive details of the NNDR for the New Theatre.

We questioned the wording of the recommendations to Cabinet and asked for these to be reconsidered and tightened.

In his response, the Cabinet Member Councillor Bradbury: thanked the committee for their *'considered and supportive response'*; provided further details of the external maintenance liabilities; explained a more detailed report was being prepared re these costs and this would *'form the basis on which rental monies are ring fenced to support any ongoing maintenance considerations'*; provided assurance that *'officers have been asked to reflect Members concerns as part of the final lease negotiations'*; and provided details of the NNDR, as requested.

With regard to the recommendations to Cabinet, Councillor Bradbury explained that, on reflection, his preference is to return to Cabinet to ask for authority to confirm an alternative bid if this proves necessary. He went on to state that this *'would also provide Scrutiny an opportunity to further consider the full detail of the alternative bid.'*

### Music Strategy

Having previously received a presentation briefing, in April 2019, summarising the findings of the work undertaken to map the music ecosystem in Cardiff, Members re-iterated their wish to scrutinise the proposed Music Strategy. In October 2019, Members carried out pre-decision scrutiny of a report to Cabinet detailing the next steps for a Music Strategy.

Members are clear that a Music Strategy for Cardiff will lead to a number of creative and economic benefits for residents, visitors, businesses and those working in Cardiff, as well as across the region. We are pleased that the proposed scope of strategy is broad, not limited to live music or a particular genre but encompassing all genres and the music ecosystem across the city.

In terms of the proposed partnership Music Board, Members were pleased to hear that membership is broad and inclusive, having followed an open and transparent appointment process, and that there will be a number of sub-groups to provide focus on particular aspects. Members noted that a route map and plan of action will be developed to implement the recommendations arising from the initial mapping exercise. Members were pleased to hear the Cabinet Member, Councillor Bradbury, offer to bring these to this committee, prior to Cabinet, and we will make time in our work programme for this. Similarly, Members are interested in scrutinising proposals for the Signature Event and were pleased to hear this event will not be based solely in the city-centre/ Cardiff Bay but will reach into communities across Cardiff.

Overall, Members were content with the recommendations to Cabinet and support the need for collective creative thinking to maximise impact from available resources and in-kind contributions.

### Sport Cardiff

In 2014, Cardiff Council signed a Joint Venture (JV) agreement with Cardiff Metropolitan University to deliver sports services in the city, with Sport Cardiff staff transferring from Cardiff Council to Cardiff Metropolitan University. Each year, Cardiff Council, Cardiff Metropolitan University and partners work together to develop a Local Sports Plan that sets out the projects and actions designed to deliver the vision and priority objectives set out in the Joint Venture agreement, ensuring reach across Cardiff and within prioritised groups.

In June 2019, Members invited representatives from Cardiff Council, Cardiff Metropolitan University, Sport Cardiff and Sport Wales to Committee to review the outcomes of the Local Sports Plan 2018-19 and discuss how to respond to key changes in the landscape for sport. These changes include the '*Wellbeing of Future Generations (Wales) Act 2015*', the Council's '*Capital Ambition*' and Sport Wales' proposed regionalisation of community sport.

Members were impressed with the work to tackle social isolation, boost wellbeing and increase physical activity and were pleased to hear Sport Wales state that Sport Cardiff is doing a good job. Members asked to receive quantitative information on the number of participants by gender, ethnicity and disability in order to check accessibility and inclusivity of service. Members offered their support as school governors in encouraging more schools to complete the annual survey and recommended that sports officers work with central education services to ensure communication of the wider benefits of survey completion to schools and, critically, school governors.

Members noted the changing emphasis for Sport Wales meaning that Sport Cardiff will need to refocus and restructure, with resources more focused on the southern arc of Cardiff, whilst ensuring that there will still be resources available to respond to needs identified of a similar magnitude in other areas of Cardiff. Members noted that information would be shared with Councillors regarding surgeries to help with community chest applications for funding. Members noted that the performance measures used would



change, to reflect the change in focus and to reflect lessons learnt to date on which types of measures are useful. Members asked to hear more about the opportunities to amplify the benefits of the links with Cardiff Metropolitan University and to hear more about the detailed proposals for restructure and service delivery. Members also passed on their thanks to Sport Cardiff, partners and grassroots volunteers for all their work.

Councillor Bradbury, Cabinet Member –Leisure & Culture, responded thanking the committee *‘for including this very important agenda item’* and for hosting a debate that was *‘intuitive and challenging’*. He committed to sharing the end of year report and monitoring figures for 2018/19 and stated that he and officers have met with the Director of Education to gain his support for improving the response rates to the School Sports Survey. He finished by committing to reporting back on the outcomes of meetings with Sport Cardiff and Cardiff Metropolitan University regarding restructure and service delivery proposals. Subsequently, details of these changes and monitoring figures were shared with Committee Members, as agreed.

#### Cardiff Harbour Authority

In December 2018, Welsh Government announced they had appointed Local Partnerships to carry out a review of the current arrangements for funding and managing the Cardiff Bay Barrage, inland lake and outer harbour. In May 2019, Members received a presentation outlining the emerging findings from this review and stated that they wished to carry out further scrutiny of the final review.

In January 2020, a Welsh Government representative attended Committee to take Members through the final findings of the review. Councillor Bradbury, Cabinet Member – Leisure & Culture and senior officers were also present and joined in a panel question and answer session enabling Members to explore the implications for citizens, residents, visitors, businesses, partners, Welsh Government and the Council, including risks to the Council.

Members were pleased to hear the Review found the work of the Cardiff Harbour Authority to be in line with legal requirements and to offer high quality and value for money services. Members noted that Welsh Government and Cardiff Council will be having on-going discussion re implementing the agreed recommendations of the review and asked that this Committee be kept informed of any significant changes that arise from this.

Members noted the intention to return to a three yearly funding cycle from 2021, that changes to the funding agreement are not required given the findings of the Review, that there is further work to do regarding capital receipts once the relevant post is filled in Welsh Government and that an independent Asset Condition survey has been procured. Members asked to be updated on these costs and how these will be addressed. Members asked for a copy of the groundwater control measures report, which was circulated to them the following day. Members also asked that the Cabinet Member and senior officers pass on the Committee's appreciation to all staff at Cardiff Harbour Authority for the vital work they do in maintaining this important asset for Cardiff and the region.

In his response, Councillor Bradbury, Cabinet Member – Culture & Leisure, assured the Committee that he would pass on the Committee's remarks to Cardiff Harbour Authority staff and committed to ensuring scrutiny of the asset management plan and property/ land review at the appropriate juncture. He also reassured Committee that any proposals flowing from the review '*will be subject to due diligence*' and that '*Any significant changes arising from the implementation of the report recommendations will be communicated to you.*'

### Cardiff Commitment

The Administration's policy programme, Capital Ambition, states that the Administration will prioritise delivery of the '*Cardiff Commitment: helping young people, particularly those from disadvantaged and deprived communities, into employment, education or training*'<sup>2</sup> and ensuring that every child has access to these opportunities when leaving school. The Cardiff Commitment connects the Education and Economic Development Directorates and works across the Council and with partners. It contributes to partnership work on Inclusive Growth and complements the *Improving Employer Engagement Capital Ambition* programme, which aims to coordinate and manage the range of training, apprenticeships, work experience and employment opportunities in Cardiff.

In January 2020, Members received a presentation briefing to consider the results of the work to date to implement the Cardiff Commitment and make comments, observations and/ or recommendations to inform the way forward for this work. Councillor Sarah Merry, Deputy Leader and Cabinet Member – Education and Lifelong Learning, and Councillor

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<sup>2</sup> Capital Ambition 2017

Russell Goodway, Cabinet Member - Investment & Development, attended Committee with officers from Education and Economic Development.

Committee Members were clear that it is essential to prepare young people for life after school and were pleased with the excellent work outlined at Committee aimed at helping young people identify and access work and career opportunities. It was clear to Members that productive partnerships have been formed, between economic development officers and education officers, business, academic institutions and schools and Members recognised and applauded the hard work required to initiate and sustain these.

Members noted that these partnerships are benefiting pupils, teachers and schools, helping to enhance learning, with attainment levels rising and the percentage of Year 11 school leavers not in education, employment or training significantly reduced since the implementation of the Cardiff Commitment.

Members were pleased with the aim to expand Cardiff Commitment as a universal offer across the city, having understandably initially focused on the deprived Southern Arc of Cardiff. Members suggested that more publicity to schools, parents and pupils about what is available from the Cardiff Commitment would help to increase school take-up across the city.

In addition, Members believe it is essential to offer targeted support to the most vulnerable children so that they can also benefit from the Cardiff Commitment; this includes those in Pupil Referral Units, Specialist Resource Bases and similar.

### Libraries & Hubs

This Committee has undertaken regular policy development scrutiny of proposals re Libraries and Hubs. This Committee also undertakes annual monitoring scrutiny of the Council's performance re Welsh Public Library Standards and Chief Librarian Universal Offers. In February 2020, Members carried out pre-decision scrutiny of the proposed Hub and Library Strategy and Library Collections Policy. Members received a statement from Councillor Lynda Thorne, Cabinet Member - Housing & Communities, and briefing presentations from senior officer taking them through the report to Cabinet. During this scrutiny, Members explored the proposed Strategy and Library Collections Policy, the implications of these, the risks to the Council, the timeline and next steps and the

recommendations to Cabinet. Members also received a copy of the latest Welsh Public Library Standards monitoring report for Cardiff, which helped to set the context for their discussions.

Members were keen to understand the impact of proposals for citizens in Cardiff and were impressed by the amount of thought and effort that had gone into fine-tuning proposals to ensure these were maximised. Members were pleased to see that the Strategy seeks to address various causes of social isolation and provide advice and assistance to those that require it, for example via the Money Advice Team and Dementia Friendly work.

With regard to the Welsh Public Library Standards, Members noted that the publication of an approved Strategy would mean that the Council would meet all the Core Entitlements set out in these Standards. Members also noted that the Council is querying the relevance for Cardiff of two quality indicators that we currently do not meet in full, namely staff qualified to degree level and the level of spend on books, and that discussions are being held with Welsh Government on this.

With regard to the Library Collections Policy, Members were content with the proposed approach and are interested to receive an update on progress in 12 months; we recommend this be included in this committee's work programme for 2020-21.

At the meeting, Members asked for an update on work regarding the provision at the Cardiff Royal Infirmary and were pleased to hear that progress is being made. Members asked that a briefing be arranged for Members of the surrounding wards to ensure they were aware of progress and next steps; officers assured the Committee that they would make sure this took place.

Overall, Members are supportive of both the Hub & Library Strategy and the Library Collections Policy and commended them to Cabinet.

## Corporate Plan 2020-23 and Budgetary Proposals 2020-21

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In early February 2020, Councillor Howells participated in a Policy Review and Performance Panel, along with other Scrutiny Chairs, scrutinising the draft Corporate Plan. He raised several points relating to this Committee's terms of reference regarding Tourism, Innovation & Workshops, Adult Community Learning and Shared Regulatory Services. At our February 2020 meeting, Members were pleased to note that several of these points were taken on board and the Corporate Plan strengthened as a result.

Members considered the Council's draft budgetary proposals for 2020–21 at their February 2020 committee meeting. Members noted that:

- The Financial Resilience Mechanism contains £478,000 for use in Parks and Sports
- The use of £750,000 reserves is believed to be appropriate and prudent and it comes from an earmarked reserve
- Savings proposals have been subject to strong due diligence checks, with £1M already achieved and the remainder expected to be achieved in year.
- The use of a Budget Contingency Fund will be reviewed this year to determine whether one is required for 2021-2022; this process will be informed by a review of trends in the deliverability of savings and Welsh Government settlements.
- The New Theatre income is due to rental income and that the Cardiff Castle income will come from new products stocked in the shop.
- The savings coming from the Dr Who experience building relates to cessation of security costs and rates.
- The Economic Development Directorate is losing 16.15 FTE posts, one of which is due to their role no longer being required as it relates to EU funding.
- It is not yet clear whether the review of Learning for Work funding will be part of a broader review of Further Education strategies and approaches.
- An Adult Community Learning service review is underway and a report will be brought for pre-decision scrutiny.
- Room hire charges in libraries and hubs generate approximately £100,000 per annum.

Members decided to monitor achievability of the income target for St David's Hall, with concerns expressed about whether the target was sufficiently stretching. Members accepted the offer to receive regular progress updates on work to increase the tree canopy of Cardiff. Members expressed their concerns about the proposal to relocate the Tourist

Information Centre from the Old Library to St David's Hall, in terms of both the impact on service provision and the impact on existing staff at St David's Hall; Members decided to explore this further via their ongoing Tourism task group inquiry. Members also expressed their concerns about changes to Adult Community Learning funding and offered the Committee's support to the Council in lobbying Welsh Government to ameliorate the impact of these changes.

Councillor Chris Weaver, Cabinet Member - Finance, Modernisation and Performance, responded, noting the above points and thanking the Committee for their support in the budget process.

## **Monitoring**

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### Performance Monitoring

We decided to continue the approach we trialled in 2018/19 to scrutinising performance, and received Quarter 1 and 2 performance reports by email, with a summary of key points provided by the Committee's Scrutiny Officer. We then had the opportunity to review the reports, raise any concerns and decide if we needed to invite the relevant Cabinet Member and officers to a Committee meeting to discuss performance issues and mitigating actions; for Quarters 1 and 2 we have not needed to do that, with good performance reported in all the areas we scrutinise.

The corporate approach to performance reporting changed in-year, meaning reports were not published for Quarter 3. The Council has now moved to a twice-yearly performance reporting, with Quarter 4 reports expected to be available in June/ July 2020.

### Budget Monitoring

We decided to continue with the approach to budget monitoring that we trialled in 2018/19, receiving Month 4, Month 6 and Month 9 budget monitoring reports by email, with a summary highlighting key areas to look at provided by the Committee's Scrutiny Officer. These reports highlighted no issues, in the areas that we cover, that required scrutiny at committee.

### Directorate Delivery Plans

We considered the relevant sections of the Economic Development Directorate Delivery Plan at our meeting in June 2019 and received the Housing & Communities Directorate Delivery Plan via email in June 2019, for review and comment.

We assessed whether these Plans assisted in the delivery of Cardiff's Wellbeing Plan and the Council's Corporate Plan, whether they focused on the right issues for local communities and whether the plans were robust and fit for purpose. We checked whether resources were sufficient to deliver the Plans and whether the performance measures were sufficient to monitor delivery. We recommended that the performance indicator 'Attendance at Commercial Venues' be altered to 'Attendance at Council Venues' to make it clearer to the general public that the indicator measures attendances at venues run by the Council; this was accepted and actioned for 2019-20.

We found that the Plans were fit for purpose and that there was a sound process and performance management framework in place to monitor implementation and delivery. We used the information gained regarding future challenges and proposed actions to help inform our work programme for 2019-20.

## WORK PROGRAMME FOR 2020- 21

Members of the Committee will be invited to consider items for possible inclusion in the Committee's work programme during 2020-21. Work is currently in progress to draw together issues for the Committee to consider. A draft work programme will then be developed and brought to Committee for approval and implementation. The Committee would welcome suggestions for scrutiny items from other Members. The work programme will consider post- Covid 19 recovery plans for frontline services and economic development.

## FUTURE SCRUTINY WORK

Over the course of its deliberations this year, the Committee has recommended that the following items be considered for inclusion in the Committee's 2020-21 work programme:

- ❖ Cardiff Capital Region City Deal.
- ❖ Cardiff Bus Station.
- ❖ Metro Central - Cardiff Central Station.
- ❖ Cardiff East Industrial Strategy.
- ❖ Llanrumney Development
- ❖ Music Strategy.
- ❖ Multi-Purpose Indoor Arena.
- ❖ International Sports Village.
- ❖ Dumballs Road regeneration.
- ❖ Cardiff Bay regeneration.
- ❖ Heritage Buildings.
- ❖ Canal Quarter Masterplan.
- ❖ Chapters Arts Centre.
- ❖ Other Economic Development plans.
- ❖ Cardiff Harbour Authority.
- ❖ Cardiff Sport.
- ❖ Sports & Physical Activity Strategy.
- ❖ Leisure Management.
- ❖ Library Collections Policy Update
- ❖ Libraries & Hubs.
- ❖ Welsh Public Library Standards.
- ❖ Performance Reports.
- ❖ Savings Reports.
- ❖ Relevant Audit, Inspection and Regulatory Reports.
- ❖ Cabinet Responses to previous Inquiries, and implementation of agreed recommendations from previous Inquiries.



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# **A Report of: Environmental Scrutiny Committee**

## **Annual Report 2019 – 2020**

**October 2020**



**City and County of Cardiff**

## ENVIRONMENTAL SCRUTINY COMMITTEE MEMBERSHIP



Councillor Ramesh Patel  
(Chairperson)



Councillor Bob Derbyshire



Councillor Owen Jones



Councillor John Lancaster



Councillor Oliver Owen



Councillor Thomas Parkhill



Councillor Jacqueline Parry



Councillor Peter Wong



Councillor Ashley Wood

**Note:** Councillor Joe Boyle was a Member of this Committee until November 2019.

## CHAIR'S FOREWORD

Without doubt, 2020 has been the most challenging year that I can remember. Freakish weather in January and February was followed by the Covid pandemic that swept the globe, and brought almost every aspect of life to a standstill. On the 23rd March the United Kingdom was placed into an unprecedented national lockdown, and the Council was forced to prioritise and adapt to ensure that Cardiff residents continued to receive essential core services. This also meant that the Environmental Scrutiny Committee programme for 2019/20 came to an abrupt end in March 2020.

At the beginning of the municipal year, the Committee planned a full and varied programme of work, and for the period to March 2020 it managed to scrutinise a number of key topics. In doing this the Committee held 11 public meetings; produced and submitted 14 letters to the Cabinet; concluded two significant task & finish exercises; engaged with key internal and external stakeholders; and delivered on its public engagement commitments. The majority of meetings were webcast during this year, and attracted 375 viewers.

Overall the Committee scrutinised 23 individual items, and some of the more important of these are listed below:

- Pre Decision Scrutiny: Air Quality Feasibility Study Final Plan - Full Business Case & City Centre Transport Improvements **(12th June 2019)**
- Pre Decision Scrutiny: Cardiff Food Strategy **(2nd July 2019)**
- Third Cardiff Local Development Plan Annual Monitoring Report **(17th September 2019)**
- Cardiff's Transport White Paper **(21st January 2020)**
- Receiving the Cabinet Response to the Environmental Scrutiny Committee Report Titled 'Improving Cardiff's Air Quality' **(21st January 2020)**
- Considering the Draft Budget Proposals for 2020/21 **(17th February 2020)**
- Receiving the Cabinet Response – Environmental Scrutiny Committee Report Titled 'Litter & Fly Tipping in Cardiff' **(March 3rd 2020)**

To my mind, probably the most important piece of work delivered by the Committee in the year was the task & finish exercise on Managing Biodiversity & Natural Environment. The report was concluded in November, and explored a range of areas including:

- The development of Cardiff's Biodiversity Forward Plan;
- The Council's current role, obligations and statutory / legislative requirements for supporting and improving biodiversity;
- The importance of Cardiff's biodiversity and ecosystems;
- The resources available to support and improve biodiversity in Cardiff;
- Cardiff's Green Infrastructure Strategy.

The inquiry consisted of eight task group meetings that supported fourteen separate witness sessions; dealt with 22 witnesses and made a series of theme based recommendations that included:

- Asking the Council to declare a biodiversity emergency to sit alongside the climate change emergency;
- A request to employ an additional Ecologist or Section 6 Officer to help ensure that the Council meets the requirements of the Section 6 Duty;
- To limit the use of pesticides such as glyphosate across the Council estate;
- For the Council to build a biodiversity well-being commitment into Capital Ambition, decision-making processes, business plans and policies;
- That the Council should deliver a series of actions to improve connectivity of habitat across Cardiff;
- For the Council to create and publish a community growing policy;
- That the Council should work with Elected Members, partner organisations, volunteer groups and the public to develop a 'Plant a Tree Scheme'.

I look forward to receiving the Cabinet response to this report in the coming months, and hope that it will help to make Cardiff a greener and more biodiverse city.

To conclude my foreword I would like to thank all of the Members of the Committee, the Cabinet, external witnesses and officers who have supported our work. In particular, it has been a pleasure to work with an excellent group of Councillors who have actively engaged in their roles at every single meeting. I look forward to your continued support, and a return to some kind of normality in the year to come.



**Councillor Ramesh Patel**

**Chairperson - Cardiff's Environmental Scrutiny Committee**

## INTRODUCTION

The Environmental Scrutiny Committee plays an important role in assessing service performance and informing service policy development across a range of Council services, including all aspects of transport, sustainability, and waste.

This report presents the Committee's main activities during 2019/20. Between June 2019 and May 2020 the Committee scrutinised the following topics:

- **Briefing Information** – Where the Committee receives information on a specific subject that has environmental implications to the Council and the city. During 2019/20 examples included:
  - Highway Resurfacing Programme – Member Briefing Note (**1st October 2019**)
  - Cardiff's District Heat Network – Member Update (**1st October 2019**)
  - Informal Waste Management Briefing (**5<sup>th</sup> November 2019**)
  - National Development Framework – Member Briefing Note (**20<sup>th</sup> November 2019**)
  - Public Rights of Way Improvement Plan – Member Briefing Note (**20<sup>th</sup> November 2020**)
  - Member Briefing Note: Fireworks (**3<sup>rd</sup> March 2020**)
  - Member Briefing Note: Cardiff Local Development Plan Full Review – Consideration of Proposed Amendments Tabled at Council Meeting of 28th November 2019 (**3<sup>rd</sup> March 2020**)
- **Inquiries** – Where the Committee had undertaken an examination of a topic over a period of time, resulting in a formal report to the Cabinet. During 2018/19 examples included:
  - Draft Task & Finish Report – Managing Biodiversity & Natural Environment in Cardiff (**20<sup>th</sup> November 2019**)



- Cabinet Response to the Environmental Scrutiny Committee Report Titled 'Improving Cardiff's Air Quality' (**21<sup>st</sup> January 2020**)
- Cabinet Response – Environmental Scrutiny Committee Report Titled 'Litter & Fly Tipping in Cardiff' (**March 3<sup>rd</sup> 2020**)
- **Performance Monitoring** – Where the Committee has undertaken monitoring of the Council's performance. During 2018/19 examples included:
  - Third Cardiff Local Development Plan Annual Monitoring Report (**17<sup>th</sup> September 2019**)
  - Quarterly Performance Monitoring – Quarters 1 & 2, 2019/20 (**1<sup>st</sup> October 2019**)
  - Shared Regulatory Services – Four Year Progress Update (**20<sup>th</sup> November 2020**)
  - Shared Regulatory Services – Four Year Progress Update (**20<sup>th</sup> November 2020**)
  - Planning, Transport & Environment Directorate – Quarter 3 & Outturn Performance Reports 2018/19 (**3<sup>rd</sup> March 2020**)
  - Shared Regulatory Services – Four Year Progress Update (**20<sup>th</sup> November 2020**)
- **Policy Review** - Where the Committee has contributed to the Council's policy development processes, for example, by considering draft policy documents, and/or where the Committee has considered the implementation of policies, looking at whether this has happened in a timely manner and the impact of the policy, giving the Cabinet the opportunity to know Scrutiny Members' views about whether any changes are required.
- **Pre Decision Scrutiny** – This provides the Committee with an opportunity to evaluate and comment on policy proposals before they go to the Council's Cabinet. This gives the Cabinet the opportunity to know Scrutiny Members' views prior to making their decision. During 2019/20 examples included:

- Pre Decision Scrutiny: Air Quality Feasibility Study Final Plan - Full Business Case & City Centre Transport Improvements **(12<sup>th</sup> June 2019)**
- Pre Decision Scrutiny: Cardiff Food Strategy **(2<sup>nd</sup> July 2019)**
- Affordable Funeral Strategy & Burial Space Provision – **(17<sup>th</sup> September 2019)**
- Cardiff's Transport White Paper **(21<sup>st</sup> January 2020)**
- Education Campaign to Support Improved Recycling Performance – **(21<sup>st</sup> January 2020)**
- Draft Budget Proposals 2020/21 – Corporate Overview **(17<sup>th</sup> February 2020)**
- Draft Corporate Plan 2020 to 2023 & 2020/21 Draft Budget Proposals **(17<sup>th</sup> February 2020)**

Over the year the Scrutiny Committee held **11** committee meetings and wrote **14** letters to the Cabinet sharing their comments/ recommendations and concerns following the scrutiny of items at committee meetings. The majority of meetings were webcast during this year and attracted 375 viewers.

Members have attended a number of other scrutiny events, including work programming meetings, and pre-meetings prior to Committee and task & finish group meetings.

## BRIEFING INFORMATION

### **Highway Resurfacing Programme – Member Briefing Note (1st October 2019)**

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The meeting on 1<sup>st</sup> October 2019 provided the Environmental Scrutiny Committee with the opportunity to comment on the Highway Resurfacing Programme for 2019/20. Members were able to reflect upon the content of the draft 'Highways Resurfacing Programme', considering the sections on:

- Draft Resurfacing Sites – 2019/20
- Draft Reconstruction Sites – 2019/20
- Draft Micro Sites – 2019/20
- Draft Grouted Macadam Sites – 2019/20

Members were asked to note the content of the item and discuss any future actions relating to the report.

## **Cardiff's District Heat Network – Member Update (1st October 2019)**

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The meeting on 1<sup>st</sup> October 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff's District Heat Network – Member Update'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment and officers from the Planning, Transport & Environment Directorate. The purpose of the report was to assess the progress that has been made towards establishing Cardiff's District Heat Network; in particular to consider how close the Council was to agreeing a final business case and the necessary procurement arrangements required to deliver the scheme. Following discussion, questions and comments the Committee sent a letter to the Cabinet Member that included the following points:

- Members viewed it as a very positive scheme for the Council that would make a significant contribution in reducing Cardiff's carbon footprint, and thanked the officers for their hard work.
- Members asked for clarification on the potential financial risks facing the Council from the District Heat Network; asked for confirmation of the point at which the scheme would become financially unviable for the Council; and requested details of the financial monitoring process.

## **Informal Waste Management Briefing (5th November 2019)**

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The meeting on 5<sup>th</sup> November 2019 gave Members the opportunity to receive a private briefing from the Cabinet Member for Clean Streets, Recycling & Environment and supporting officers on recent developments in the Recycling & Waste Management Service. The meeting was held jointly with the Policy Review & Performance Scrutiny Committee, and was structured to consider:

- The performance of Cardiff's Waste Management Service.
- The challenges & opportunities facing Cardiff's Waste Management Service.
- Future proposals relevant to Cardiff's Waste Management Service.

The contents and findings arising from the meeting will be used to identify topics for future scrutiny and potential task & finish work.

## **National Development Framework – Member Briefing Note – (20th November 2019)**

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The meeting on the 20<sup>th</sup> November 2019 provided the Environmental Scrutiny Committee with the opportunity to discuss and comment on the Cabinet response to the Welsh Government's National Development Framework 2020-2040.

The National Development Framework (NDF) is a new development plan which will set the direction for development in Wales from 2020 to 2040. At the time it was being prepared by the Welsh Government and represented the highest tier of statutory development plans in Wales. It was designed to provide a framework to be built upon by the Strategic Development Plans (SDPs) at a regional level, and Local Development Plans (LDPs) at a local authority level.

Members were asked to note the content of the item and discuss any future actions relating to the report.

## Public Rights of Way Improvement Plan – Member Briefing Note (20th November 2019)

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The meeting on 20<sup>th</sup> November 2019 provided the Environmental Scrutiny Committee with the opportunity to comment on the Public Rights of Way Improvement Plan. Members were able to reflect upon the content of the Cabinet report titled 'Rights of Way Improvement Plan (ROWIP) 2020-30' that was due to be presented at the Cabinet meeting on the 21st November 2019. The key sections of the new plan included:

- **Section 1** - providing an introduction and background to the ROWIP and the Cardiff Public Rights of Way (PROW) network;
- **Section 2** – providing the reasons for making a new ROWIP for 2020-30.
- **Section 3** – providing details of the New Assessment, which looks at 3 main points: Reviewing ROWIP 1: 2008-18; Evaluating the current network; and, Evaluating the public's future needs and opportunities of the network.
- **Section 4** - outlining the Statement of Action for ROWIP 2020-30, which has 5 Key Strategies for the long term aims over the 10-year period as listed below. **Section 5** - The Key Aims provided a detailed plan of the Council's priorities over the next 10 years.

Members were asked to note the content of the item and discuss any future actions relating to the report.

## **Member Briefing Note: Fireworks (3rd March 2020)**

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The meeting on 3<sup>rd</sup> March 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Member Briefing Note: Fireworks'. Members were able to discuss a range of firework related challenges, including:

- Firework safety issues;
- Firework Code;
- Fireworks Law in the United Kingdom;
- Fireworks Available to the Public;
- Restrictions on sale & use;
- A range of RSPCA Proposals;
- House of Commons Petitions Committee Fireworks Report.

Members were asked to note the content of the item and discuss any future actions relating to the report. At the end of the meeting the Committee agreed to monitor the problem, and consider adding it to their work programme in future.



## **Member Briefing Note: Cardiff Local Development Plan Full Review – Consideration of Proposed Amendments Tabled at Council Meeting of 28th November 2019 (3rd March 2020)**

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The meeting on 3rd March 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Member Briefing Note: Cardiff Local Development Plan Full Review – Consideration of Proposed Amendments Tabled at Council Meeting of 28th November 2019'. During this item Members were able to discuss the reasons for the Cabinet the report, and the following proposed amendments:

- **Amendment 1:** *Council agrees as part of the full review of the Local Development Plan, Cardiff Council will introduce Green Belt(s) in areas of Cardiff.*
- **Amendment 2:** *Council agrees that as part of the full review of the Local Development Plan, Cardiff Council will ensure that there is proper public transport easily accessible for residents of all new developments and in place at an early stage.*
- **Amendment 3:** *Council agrees that as part of the full review of the Local Development Plan, Cardiff Council will ensure that the design of new developments will be relevant to the local area and of the highest quality achievable.*

In addition to this, Members received a briefing on the next steps for Cardiff's Local Development Plan and were asked to note the contents of the paper.

## INQUIRIES

### **Cabinet Response to the Environmental Scrutiny Committee Report Titled 'Improving Cardiff's Air Quality' – (21st January 2020)**

The meeting on 21<sup>st</sup> January gave Members the opportunity to scrutinise and comment on the Cabinet Response to the Environmental Scrutiny Committee report titled 'Improving Cardiff's Air Quality' . The Cabinet Members for Clean Streets, Recycling & Environment; Strategic Planning & Transport; and Social Care, Health & Well-being attended the meeting and were supported by officers from the Planning, Transport & Environment Directorate. Details of the Cabinet response to the report were provided, and following discussion, questions and comments the Committee sent a letter to the Cabinet Members that included the following points:

- **Positive Report Response** - The Committee was pleased by number of recommendations that had been accepted, and the overall positive response to the report. In particular, they welcomed the comments that were made by Councillor Wild during his opening statement that thanked the Committee for the piece of work and the valuable contribution that it made.
  
- **Recommendation 6 – Low Emission Neighbourhoods** – During the meeting Members questioned why Recommendation 6 had been rejected, when the draft 'Transport White Paper' had talked about similar initiatives being delivered across the city, for example, 'streets for health'. Councillor Wild explained that if the timing had been slightly different, and with some reflection, 'Recommendation 6' could have been accepted as it is something that aligns with the aims of the Transport White Paper. Members asked the Cabinet Members to revisit the recommendation and provide the Committee with feedback on the conclusion.
  
- **Bold Taxi Statement** - The first part of 'Recommendation 19' stated that:

- *The Council makes a clear statement that sets out the Council's ambitions for taxi emission standards in the city and explains out how this might be achieved, for example, Nottingham has stated that it wants to significantly reduce taxi emissions in the city by converting all of its taxi fleet to electric by 2025.*

Members felt that this had not been properly addressed in the Cabinet response, and asked if there were any proposals to publish a target date for improving taxi standards. The Committee emphasised that the Council needed to provide a positive statement to help drive taxi improvements, and asked the Cabinet Members to reconsider the response.

- **Local Motor Industry** - The Committee was disappointed at the response to 'Recommendations 23 & 24' which focused on developing closer working ties with the local motor industry. They felt that developing these relationships could only help increase the popularity of low emission vehicles, which would be a positive thing for Cardiff. The Committee asked the Cabinet Members to reconsider the response, and as a minimum ensure that all local car dealerships were aware of all of the electric charging points in Cardiff, including those provided by the Council.
- **Electric Charging Points** - At the meeting the Chair asked about the new electric charging points that had been rolled out across Cardiff, along with the rationale as to how and why the sites had been selected. The Committee asked for details of all of the new Council electric charging points and the information that was used to select the sites.

## **Environmental Scrutiny Committee – Managing Biodiversity & Natural Environment in Cardiff**

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During much of 2019/20 the Committee worked on an inquiry titled ‘Managing Biodiversity & Natural Environment in Cardiff’. Scoping meetings took place in April 2019, and a terms of reference for the inquiry was agreed. This is set out below:

*The aim of the inquiry is to provide Members with the opportunity to explore and consider how the Council can support and help improve the biodiversity in Cardiff. In particular this will include scrutiny of:*

- *The development of Cardiff’s Biodiversity Forward Plan, for example, its structure, aims and objectives;*
- *The ongoing implications of Cardiff’s Biodiversity Forward Plan, for example, future reporting and monitoring of the document;*
- *The approach taken by other Welsh local authorities to develop biodiversity forward plans and to identify best practice in this area;*
- *The Council’s current role, obligations and statutory / legislative requirements for supporting and improving biodiversity;*
- *The importance of Cardiff’s biodiversity and ecosystems;*
- *The resources available to support and improve biodiversity in Cardiff;*
- *Community collaboration and other partnership working approaches to understand how they help support and enhance biodiversity in Cardiff;*
- *The importance of raising awareness of biodiversity issues in Cardiff – internally, with key stakeholders and the public;*
- *Cardiff’s Green Infrastructure Strategy – including the benefits of green infrastructure and ecosystem services;*
- *Green Infrastructure Management – including the Green Infrastructure Group;*

- *Cardiff Green Infrastructure SPG and Planned Development;*
- *The Green Infrastructure Spatial Strategy;*
- *Green Infrastructure Implementation Programme (Pollinators Action Plan, Individual Park Management Plans, Local Nature Plan, River Corridors, Tree Strategy, Cross border initiatives, other plans & projects);*
- *Sustainable drainage – links with the SuDS Approval Body process.*

The task & finish report was completed in November 2019, and in doing this the Committee undertook and delivered the following:

- 7 task group meetings;
- 15 separate witness sessions;
- Dealing with 22 witnesses (14 external to the Council);
- Worked closely with the Cabinet Members and Council staff who are responsible for managing biodiversity and the natural environment in Cardiff;
- Received witness contributions from a range of expert witnesses.

The draft task & finish report was approved at the Committee meeting on the 20<sup>th</sup> November, and then presented to Cabinet at their meeting on the 23<sup>rd</sup> January 2020. In concluding the task & finish exercise made a series of recommendations including the following:

- Asking the Council to declare a biodiversity emergency to sit alongside the climate change emergency;
- To employ an additional Ecologist or Section 6 Officer to help ensure that the Council meets the requirements of the Section 6 Duty;
- Where practically possible, to limit the use of pesticides such as glyphosate across the Council estate;
- The Council should build a biodiversity well-being commitment into Capital Ambition, decision-making processes, business plans and policies;
- The Council should link biodiversity and the resilience well-being objective into Cardiff's Local Development Plan when it is revised in 2020;

- The Council should deliver a series of actions to improve connectivity of habitat across Cardiff. This would help enhance biodiversity in the city;
- The Council should create and publish a community growing policy;
- The Council should work with Elected Members, partner organisations, volunteer groups and the public to develop a 'Plant a Tree Scheme'.

The Committee is due to receive a full Cabinet response to the task & finish report during 2020/21.

## **Cabinet Response – Environmental Scrutiny Committee Report Titled ‘Litter & Fly Tipping in Cardiff’ – (March 3<sup>rd</sup> 2020)**

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The meeting on 3<sup>rd</sup> March gave Members the opportunity to scrutinise and comment on the Cabinet Response to the Environmental Scrutiny Committee report titled ‘Litter & Fly Tipping in Cardiff’ . The Cabinet Members for Clean Streets, Recycling & Environment attended the meeting and was supported by officers from the People & Communities Directorate. Details of the Cabinet response to the report were provided, and following discussion, questions and comments the Committee sent a letter to the Cabinet Members that included the following points:

- **Enforcement Teams** – Members asked for further details of the proposed ‘Whole Council’ approach to litter enforcement which they were told would involve better use of a wide range of Council resources across the city. The Committee agreed to add it to the work programme for 2020/21.
- **Camera Powers** – Members were supportive of the use of cameras to target littering offences, particularly for litter thrown from vehicles on key routes into and out of the city. They agreed to support any Welsh Government lobbying that the Council decided to undertake to enhance the use of cameras to target littering offences.
- **Litter Action Plan** – During the meeting an officer explained that the full response to the report recommendations would be put into an action plan. The Committee look forward to receiving a copy of this document, and hope that it will deal with concerns that they had regarding the ‘partially accepted’ and ‘accepted in principle’ responses.
- **Cardiff App** – The Committee asked that all new Cardiff residents are automatically sent information on the app when registering for Council tax; this they felt would help increase the uptake of the app and in turn help improve the collection of litter and fly tipping data.

- **QR Codes for Bins** – During the meeting a Member suggested that placing QR codes on bins would be a cheap and effective way of monitoring the use of bins in the city. The Assistant Director for Street Scene thought that this was a good idea and confirmed that he would look into how it might work in Cardiff. Members asked for a progress update on the suggestion once it had been reviewed.
- **Recycling & Pop Up Bins** – Members were disappointed that the Council was not looking to roll out recycling and pop up bins to wards outside the city centre. They felt that using these type of bins would encourage better recycling habits, and asked the Cabinet Member to reconsider how these are allocated across Cardiff.
- **Four Day Working** – Members noted that the idea of four day working was being considered. The Committee asked that they were kept informed on any developments, and agreed to carry out scrutiny on any new proposals that are brought forward.



## PERFORMANCE MONITORING

### **Third Cardiff Local Development Plan Annual Monitoring Report (17th September 2019)**

The meeting on the 17<sup>th</sup> September 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Third Cardiff Local Development Plan Annual Monitoring Report'. The item was supported by the Cabinet Member for Strategic Planning & Transport and officers from Planning, Transport & Environment Directorate. The purpose of the report was to provide a short briefing to Members on the content of a Cabinet report titled 'Third Cardiff Local Development Plan Annual Monitoring Report' that was due to be presented to Cabinet on Thursday 26<sup>th</sup> September 2019. In addition to this, Members were able to ask any questions that they had on the delivery of the Cardiff's Local Development Plan.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Strategic Planning & Transport that included the following points:

- Members were concerned that measures contained within the Annual Monitoring Report suggested that in the last three years the level of physical activity had declined. They asked what the point of the Local Development Plan was if people weren't getting healthier, and asked for an explanation on how the Local Development Plan could be used to reverse this trend.
- Members were concerned that only 40% of the housing completions set out against the Local Development Plan had been achieved, and that only 25% of the affordable housing allocation has been completed creating a 15% lag between the two targets. This was a particular concern because 75% of the affordable housing target needed to be delivered in less than seven years. The Committee asked for assurance that progress would be

made in the next few years to significantly increase the number of affordable properties in Cardiff.

- The Annual Monitoring Report showed a gradual decline in the number of sustainable travel journeys for education, stating that trips for '*education has seen a significant decrease*'. Members felt that this was a concern since school traffic was significantly adding to congestion in Cardiff at the beginning and end of every school day, and so what the Council proposed to do to reverse the trend and increase the number of sustainable journeys to and from school.
  
- During the meeting there was some debate around planning decisions for student accommodation in the city. Some Members questioned the temporary change of use planning status that had been applied for and granted on some student developments in Cardiff – this meant that, on a temporary basis, the accommodation could now be occupied by other residents, i.e. not students. They were concerned that a precedent had been set, meaning that other developers could follow suit should their developments fail to attract sufficient numbers of students. Members felt that this presented risks in terms of building standards and receipt of planning obligation monies. The Committee went on to question the level of demand for student accommodation in Cardiff, particularly as the Annual Monitoring Report states '*current evidence shows the further strength of the student accommodation market in Cardiff*'. A Member cited a recent Savills report which provided an opposite view. The Committee asked for a copy of the evidence used to support the claim that '*current evidence shows the further strength of the student accommodation market in Cardiff*'.
  
- The Committee welcomed the positive cycling results that were included in the Annual Monitoring Report, however, they were concerned that congestion levels continue to increase across the city (for example, from 27% in 2017 to 28% by 2018). They felt that reducing congestion levels in Cardiff should be one of the fundamental principles of the Local Development Plan, and agreed to monitor the progress made in this area.

## **Quarterly Performance Monitoring – Quarters 1 & 2, 2019/20 (1st October 2019)**

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The meeting on the 1<sup>st</sup> October 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Quarterly Performance Monitoring – Quarters 1 & 2, 2019/20'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment, the Cabinet Member for Strategic Planning & Transport and officers from the Planning, Transport & Environment and Peoples & Communities Directorates.

Following discussion, questions and comments the Committee sent letters to the Cabinet Members for Clean Streets, Recycling & Environment and Strategic Planning & Transport that included the following points:

The Committee was concerned that Cardiff would not achieve the Welsh Government recycling target of 64% during 2019/20. The 2018/19 outturn result for the recycling indicator was 59.3%, which meant that the city had to achieve a 4.7% increase in one year. Members felt that achieving such a large increase would require a significant change to Cardiff's waste collection approach, and that currently no such proposals exist. Swansea City Council, a comparable Welsh local authority, achieved 63% recycling during 2018/19 – this meant that it only had to achieve a 1% improvement in 2019/20. Members felt that the Council should look at how Swansea had achieved 63% recycling, and then analyse the reasons for the 3.7% difference. Understanding the differences between the results of the two comparable local authorities should provide Cardiff with some of the answers that it needs.

- The Committee was concerned by the very high sickness rates in the Planning, Transport & Environment Directorate. At the end of Quarter 3 the Directorate was anticipating 17.6 FTE sick days per employee for 2018/19. Officers explained that they were committed to reducing the current sickness levels, but that they had to work within the existing Council sickness policy. Members accepted this, however, felt that something had to change as sickness was having an impact on budgets

and service delivery. The Committee asked for clarification on the following:

- **Return to Work Interviews** – the Directorate was completing return to work interviews in 98% of reported sickness cases. This was a very high figure and suggested that managers were working hard to follow the Council’s sickness policy. Unfortunately sickness rates had continued to rise, suggesting that the policy was not be working effectively in parts of the Council. Members asked for confirmation if there were any plans in place to review the effectiveness of the policy.
- **Overspend Costs** – the Planning, Transport & Environment Directorate was overspent by £1.265 million in 2018/19. The biggest contributor to this deficit was the Recycling & Waste Management Service with an overspend of £2.947 million. Members asked for confirmation on how much of the overspend could be directly attributed to high sickness rates, for example, the ‘back filling’ of posts due to sickness.
- **Increasing Sickness Rates** – Members noted that sickness rates had continually increased for a number of years; this was having an impact on budgets and service delivery. Reversing this change required strategic planning and leadership from the Council’s Senior Management Team. The Committee asked for a summary of the proposals that the Head of Paid Service and the Senior Management Team had put forward to stem this increase and ultimately reduce sickness levels in the Directorate and across the wider Council.
- A Member asked about plans for a new Household Waste Recycling Centre in the north of Cardiff, and was told that at present the Council had been unable to identify a suitable site. The Committee asked for a list of potential sites that have been identified, and the reasons why these had been deemed unsuitable, along with assurance that the search for a new site would continue.

- Members feel that they need some clarity on the conflicting sustainable travel data that had been provided to the Committee. For example, sustainable travels seems to be increasing, but at the same time journeys by bus and train are declining. In addition to this congestion had been increasing while modal shift targets appeared to have changed. To help address this the Committee asked for a list of all the transport performance indicators being used by the Council, to include details of how these are defined, how they are measured, and the results for the last three years.
  
- Some Members expressed concern at the reducing number of sustainable journeys to and from school in Cardiff. This was a worry because school traffic made a significant contribution to congestion twice a day; reduced active travel, and failed to create a sustainable travel mind-set in young people. The Committee suggested that the Council should look at transport to schools again, and review its approach to bus provision.
  
- At the meeting it was noted that the Highways Service had an underspend of £1.124 million in 2018/19, and that this saving had helped to reduce the wider Directorate overspend to £1.265 million. The Committee was advised during Budget Scrutiny that the total projected Highway budget for 2018/19 (capital and revenue) was £5.804 million, and so were concerned that that a £1.124 million underspend (approximately 19% of the total budget) had been achieved in an area that is consistently considered a citizen priority. They felt that such a saving was short sighted, as the Highway Asset requires sustained investment to ensure that the speed of deterioration does not increase. They asked the Cabinet Member to:
  - Confirm from which part(s) of the Highways budget the savings were achieved;
  - Explain how the decision was taken to allow an underspend against this budget;
  - Provide details of any consultation that was undertaken around taking this saving;
  - Provide the Committee with assurance that this underspend has not contributed to any unnecessary deterioration of the Highway Asset.

## Shared Regulatory Services – Four Year Progress Update (20th November 2019)

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The meeting on the 20<sup>th</sup> November 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Shared Regulatory Services – Four Year Progress Update'. The item was supported by Councillor Michael Michael - Cabinet Member for Clean Streets, Recycling & Environment; Councillor Lynda Thorne - Cabinet Member for Housing & Communities and Councillor Norma Mackie, Chair of Cardiff's Licensing & Public Protection Committee. They will be supported by officers from Shared Regulatory Services and the Planning, Transport & Environment Directorate. In addition to this, representatives from the Wales Audit Office were in attendance to discuss the content of the report titled 'Delivering with Less – Environmental Health Services'. The purposed of the report was to:

- **Four Year Progress Update:** Consider the performance of Shared Regulatory Services since it was established in May 2015;
- **Annual Report 2018/19:** Consider the Shared Regulatory Services Annual Report 2018/19; and,
- **Wales Audit Office Report:** To consider the findings and actions falling out of the recent Wales Audit Office report titled 'Delivering with Less – Environmental Health Services'.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Clean Streets, Recycling & Environment that included the following points:

- **Taxi Marshals** – Members sought clarification on the number of taxi marshals operating in the city centre, the hours that they worked and details of who held responsibility for managing the staff.
- **HMO Licensing Scheme** – Members acknowledge the success of the HMO licensing scheme in Cathays and Plasnewydd and encouraged the Council to expand the geographical range of the policy to other parts of the city.

- **High Rise Buildings & Fire Safety** – At the meeting an officer commented on the proportionately high number of high-rise buildings in Cardiff that had recently failed fire safety tests. This had created a significant safety issue and placed many residents in a very challenging financial position. Members were concerned by this and referred the item to the Community & Adult Services Scrutiny Committee.
- **Shared Regulatory Services – Statutory Obligations** – Members asked for confirmation that the Shared Regulatory Services was delivering against all of the Council’s statutory obligations, and to provide supporting evidence to verify that this was the case.
- **Enforcement Action Income** – At the meeting it was acknowledged that taking enforcement action through Shared Regulatory Services was a costly exercise, and that even when successful, neither the Council or Shared Regulatory Services was entitled to keep the cost of the fine. Members felt that the value of the fines should be passed back to the Council or Shared Regulatory Services and reinvested back into frontline service delivery, and recommended that the Council lobby the Welsh Government to ask that the fine money is passed back to local authorities in future.

## Planning, Transport & Environment Directorate – Quarter 3 & Outturn Performance Reports 2018/19 – (3rd March 2020)

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The meeting on the 3<sup>rd</sup> March 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Planning, Transport & Environment Directorate – Quarter 3 & Outturn Performance Reports 2018/19'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment; the Cabinet Member for Strategic Planning & Transport; and officers from the Planning, Transport & Environment and People & Communities Directorates. The purpose of the report was to review the performance reports relevant to the terms of reference of the Environmental Scrutiny Committee for Quarter 1 (April to June 2019) and Quarter 2 (July to September 2019).

Following discussion, questions and comments, the Committee sent letters to the Cabinet Member for Clean Streets, Recycling & Environment and Strategic Planning & Transport that included the following points:

- **Recycling Target Fines** – It was apparent that the Council would not achieve the Welsh Government Recycling target of 64% during 2019/20. Member asked for confirmation on, i) the value of the potential fine that the Welsh Government could be levied against the Council for failing to reach the target; ii) details of the work and dialogue that the Council was undertaking with Welsh Government to avoid the fines being applied; iii) examples of local authorities who missed the recycling target in 2018/19.
- **LEAMS DATA** – A Member asked for an explanation as to why Quarter 1 (96.54%) produced a better score for the indicator described as '*the percentage of highways and relevant land inspected of a high or acceptable standard of cleanliness*' than Quarter 3 (94.32%), as in his experience Quarter 1 was always worse for litter than Quarter 3.
- **Enforcement Teams** – A Member asked for details of what the proposed 'Whole Council' approach to litter enforcement entailed. He was told that it would involve better use of a wide range of Council resources across the



city, and that they were hoping for Cabinet support to fund the proposals in the summer. The Committee asked for more information on the scheduled changes and agreed to add proposals to the future work programme.

- **Camera Powers** – Members were supportive of the use of cameras to target littering offences, and acknowledged that existing legislation wasn't strong enough. They recommended that the Council should lobby the Welsh Government to improve existing powers to enhance the use of cameras to target littering offences.
- **QR Codes for Bins** – During the meeting a Member suggested that placing QR codes on bins would be a cheap and effective way of monitoring the use of bins in the city. The Assistant Director for Street Scene thought that this was a good idea and confirmed that he would look into how it might work in Cardiff. The Committee asked for a progress update on the matter after it had been reviewed.
- **Four Day Working** – Members noted that the idea of four day working was being considered, and asked for regular updates and an opportunity to scrutinise any future proposals.
- **Funding for Active Travel Schemes** – Members asked for details on existing sums and current funding bids that are in place to support active travel for schools.

## PRE DECISION SCRUTINY

### **Pre Decision Scrutiny: Air Quality Feasibility Study Final Plan - Full Business Case & City Centre Transport Improvements (12th June 2019)**

The meeting on the 12<sup>th</sup> June 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Pre Decision Scrutiny: Air Quality Feasibility Study Final Plan - Full Business Case & City Centre Transport Improvements'. The item was supported by the Cabinet Member for Strategic Planning & Transport; the Cabinet Member for Social Care, Health & Well-being; Dr Porter from Public Health Wales; and officers from the Planning, Transport & Environment Directorate. The purpose of the meeting was to undertake pre decision scrutiny on a report titled 'Air Quality Feasibility Study Final Plan – Full Business Case & City Centre Transport Improvements', prior to it being received at the Cabinet meeting on the 13<sup>th</sup> June 2019.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Members that included the following points:

- **Preferred Option Modelling** – At the start of the meeting there was some confusion around exactly what had been included in the modelling for the preferred option. For example, it was explained that the bus station would not be complete by the start of 2021 and, therefore, it had not been modelled into the overall scheme. This created some confusion since the new bus station was one of the main features on the map setting out the new City Centre Schemes. Members asked for clarification on which developments (for example the new bus station and BBC offices at Central Square) had been built into the modelling, and which assumptions had been used in terms of numbers of people and journey movements.
- **Castle Street & Westgate Street** – Members raised some concerns about how the air quality improvements would be achieved in Castle Street and Westgate Street, given that the existing traffic would still have to pass

through a narrower area. They suggested that a large volume of traffic would still try to access what is already a restricted area, which in turn would slow vehicles down and increase pollution. They were also concerned that some traffic would just be displaced to other parts of the city, resulting in the air quality problem just being moved. To respond to this Members asked for clarification on the following:

- If the preferred option (CASAP) reduces traffic into the city centre by 30%, given that the model only assumes a 3.5% modal shift where does the balance of the traffic go.
  - If a clear air zone (CAZ) had been introduced, by how much would traffic entering the city centre have been reduced? Also, please confirm where the traffic displaced by the CAZ would go.
- **Taxi Mitigation Schemes** – At the meeting Members were told that a proposed £1.86m had been allocated in the preferred option to support taxi mitigation schemes. An officer explained that the proposal would be available to taxi drivers who were registered in Cardiff and each application would be limited to a maximum contribution of £3,000 per driver. Members were also told that the £3,000 would be allocated to cover running costs and not a front loaded capital contribution to support the initial purchase of a low emission vehicle. The Committee was concerned by this as they believe that the main barrier to purchasing a low emission vehicle for most drivers is the initial cost of purchase and not the annual running cost. Members asked that the Cabinet review this approach and consider the option of providing the grant as a front loaded cost to assist with the actual purchase.
  - **Queen Street Cycling Options** – Members were very supportive of the introduction of more and better quality cycling lanes, however, they were not convinced by the ‘City Centre Loop’ that takes cyclists around the city centre via Boulevard De Nantes and Dumfries Place. The Committee felt that many cyclists who are looking to cross the city centre would ignore the

new loop and simply cycle across Queen Street instead. With this in mind Members asked:

- That the Council review reviews the option of allowing cycling on Queen Street;
  - For details of the consultation that had been carried out with cycling groups in developing this section of cycling infrastructure;
  - For details of the modelling used to assess the number of cyclists using this scheme;
  - If the Council had been able to draw any information or data from the introduction of the Nextbike scheme to help with the development of the proposals.
- **Clean Air Zone (CAZ) v Non Charging Zone (CASAP)** - During the way forward a Member asked if the comparison between the CASAP and CAZ was a fair one. He expanded this by asking why the CAZ had been modelled at all, given that the CASAP achieves compliance and that the government guidance states that '*a CAZ should only be implemented if non-charging alternatives don't achieve compliance*'. As a follow on to this the Committee asked the Cabinet Member to explain, i) if the comparison between the CAZ and CASAP was a fair one, and if so why this was the case; ii) why the CAZ was modelled at all, given that the CASAP achieved compliance.
  - **Taxis Registered in other local authority areas** – At the meeting Members commented on the large number of taxis that are registered by neighbouring local authority areas and are freely operating in Cardiff. Members understood that this was largely out of the control of the Council, and that a Welsh Government review of taxi services was ongoing – the hope was that this piece of work would standardise taxi licensing across Wales. In the letter the Committee asked the Cabinet Member to encourage the Welsh Government to complete its review of taxi services so that it does not undermine the challenge of achieving air quality compliance in Cardiff.

- **EV Infrastructure** - During the meeting a Member asked for details of the proposals for the provision of public EV charging infrastructure in the city. Members felt that charging infrastructure would encourage drivers to switch to lower emission vehicles; without such provision it would be difficult for the change to happen.
- **Mandatory Retrofitting of Buses** – The Committee was told that the preferred option assumed an 80% uptake of remaining non-Euro 6 buses to Euro 6. Some Members were of the view that mandatory retrofitting of buses should be set at 100%, assuming that the Council was agreeing to cover the cost (based on the £2.25million contribution). They believed that this would send out a clear message, and would be consistent with the proposed changes to taxi licensing standards.

## Pre Decision Scrutiny: Cardiff Food Strategy (2nd July 2019)

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The meeting on the 2<sup>nd</sup> July 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Pre Decision Scrutiny: Cardiff Food Strategy'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment and officers from the Planning, Transport & Environment Directorate. The purposed of the report was to consider the development of the Cardiff Food Strategy prior to it being received by Cabinet on the 26th September 2019.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Clean Streets, Recycling & Environment that included the following points:

- **Hydroponic Hub** – Members found the idea of a 'Hydroponic Hub' very interesting, particularly as such a venture could provide an opportunity for local residents to grow a range of produce out of season. Members acknowledged there was an established allotment community in Cardiff, and that many of these would welcome an out of season opportunity to grow food. On this basis the Committee recommended that if the Council did propose developing a 'Hydroponic Hub' then it should engage with the allotment community to establish interest and commitment to take the project forward.
- **Local Food Market** – Members feel that Cardiff has a strong local food community, but lacks a permanent base where the local food offer can be showcased. A Member pointed out that the city does not have an equivalent of Borough Market, and that such a facility would add sustainability, economic and tourism benefits. The Committee asked the Cabinet Member to look into the feasibility of developing such a venue in the city centre.
- **Local Food Quality Mark** - The Committee supported the idea of creating a local food quality mark for Cardiff. They felt that this could be introduced

to identify locally produced food that meets an agreed standard. It would help local food growers, support the local economy and incentivise sustainability.

- **Beef** - During the meeting a Member suggested that the Council should probably play a greater role in determining what was consumed at Council establishments and in school canteens. For example, beef, beef and beef had dominated the menu at his daughter's school for the last three days. He went on to highlight the current environmental crisis facing the planet, making reference to the negative impact that the beef industry has on large parts of the world. He continued by suggesting that the Council should use its influence in the procurement process to understand where our beef came from, for example, providing assurance that it was locally produced and not a product of Brazil where huge deforestation is taking place to enable production. He concluded by suggesting that the Council needed to be sure of the carbon footprint of the food that it procures and consumes. The Committee agreed with this suggestion and encouraged the Council to, i) do all it can to produce a greener menu that supports the Council's wider carbon reduction commitment; ii) encourage schools to do more to promote healthy eating on the curriculum, while at the same time promoting food sustainability.

## **Affordable Funeral Strategy & Burial Space Provision – (17th September 2019)**

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The meeting on the 17<sup>th</sup> September 2019 gave Members the opportunity to scrutinise and comment on an item titled 'Affordable Funeral Strategy & Burial Space Provision'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment and officers from the Planning, Transport & Environment Directorate. The purpose of the report was to provide the Committee with an overview of the national issue around the rising costs of funerals, and to consider Cardiff's Draft Affordable Funerals Strategy that seeks to inform the public of funeral costs and the options they have to procure an affordable and dignified funeral.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Clean Streets, Recycling & Environment that included the following points:

- Members congratulated the Cabinet Member and the staff in Bereavement & Registration Services for winning 'Best Service Team of the Year – Cemetery & Crematorium Category' at the APSE awards.
- During the meeting Members were told that Bereavement & Registration Services was looking into the development of some type of funeral plan or bond to help local residents to save for funeral expenses. The Committee asked for information on the type of plan or scheme that the Council was looking to deliver, along with an explanation of the potential barriers and benefits that various options might provide.
- The Committee was told that people are generally reluctant to talk about future funeral arrangements, and that avoiding such a conversation could make things difficult for those left to pick up the pieces and potentially channel families and individuals into funeral poverty. Members were told that Bereavement & Registration Services was due to start a 'Broader Conversations Campaign' that would provide 'pre-need advice' along with counselling and support for those struggling to manage the financial and



emotional difficulties that can accompany the planning of a funeral. The Committee welcomed the roll out of such a campaign, and asked for assurance that all staff providing the counselling and advice were properly trained.

- Members welcomed the news that the Council had identified an ashes scatter area along the River Taff, and asked for details of the exact location prior to any public announcement.

## Cardiff's Transport White Paper (21st January 2020)

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The meeting on the 21<sup>st</sup> January gave Members the opportunity to scrutinise and comment on an item titled 'Cardiff's Transport White Paper'. The item was supported by the Cabinet Member for Strategic Planning & Transport, officers from the Planning, Transport & Environment Directorate; Mark Barry - Professor of Practice in Connectivity, Cardiff University and Stuart Cole CBE – Professor of Transport at the University of South Wales. The purpose of the report was to consider the content of the draft 'Transport White Paper: Transport Vision 2030', and to discuss the options for funding the delivery of the proposed transport infrastructure. The report was due to be presented to Cabinet on Thursday 23<sup>rd</sup> January 2020.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Strategic Planning & Transport that included the following points:

- **A Positive Transport Ambition** - Members were supportive of the proposed ten-year transport vision that is set out in the draft 'Transport White Paper'. They felt that if the combination of schemes contained within the document were delivered, then moving around Cardiff would become easier, air quality would improve and both carbon emissions from vehicles and congestion would reduce.
- **Cross City Connectivity** - The Committee was fully behind the proposals to improve connectivity across Cardiff. They believed that projects such as the Cardiff Crossrail Tram – Train Line, the Cardiff Circle Line and new cross-city bus network would address this longstanding problem.
- **Importance of Engaging with Bus Companies** – Improving bus provision in the city is a core aim of the draft 'Transport White Paper'. Indeed, section 2 of the document titled 'Bus Growth' is exclusively dedicated to improving bus travel into and around the city. During the meeting a Member commented on the importance of the bus as a mode of

transport in the draft 'Transport White Paper', and asked for details on how much engagement had happened with the various private bus companies who operate in the city. He was told that regular engagement had taken place with the private bus companies, however, much work still needed to happen to deliver the vision set out in the plan – for example, developing governance and partnership agreements. The Committee see that bus has a central place in Cardiff's transport plans, therefore, ask that you ensure that the Council works and fully engages with all of the private bus companies during every stage of the delivery of the plan.

- **Deliverability & Funding** - The Committee supported the ambition and vision contained within the draft 'Transport White Paper', whilst having a number of concerns on the deliverability and funding of the proposals. To ease concerns they asked:
  - For assurance that the 10 year vision was achievable, along with an explanation as to why this was the case.
  - That planning was underpinned by 'lessons learnt' from other major projects infrastructure and transport projects.
  - That the Council adhered to best practice throughout delivery.
  - That 'slippage' was built into the planning timeline and that the Council maintains a series of 'plan B' options to turn to should the worst happen.
  - That transport infrastructure needed to be in place before any charging takes place, and that any monies raised should be specifically ring-fenced for transport infrastructure.
  - An explanation on how the £1 bus journeys scheme would work, and provide detail of how it might be funded.

## **Education Campaign to Support Improved Recycling Performance (21st January 2020)**

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The meeting on the 21<sup>st</sup> January 2020 gave Members the opportunity to scrutinise and comment on an item titled 'Education Campaign to Support Improved Recycling Performance'. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment and officers from the People & Communities Directorate. The purposed of the report was to provide the Committee with an opportunity to consider the report due to be received by Cabinet on Thursday 23<sup>rd</sup> January and to review:

- The outline proposals for the new education campaign that would focus upon recycling performance;
- The draft strategy titled 'Working together to improve recycling for Cardiff'.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Clean Streets, Recycling & Environment that included the following points:

- Members welcome the introduction of the 'Pink Sticker' scheme, seeing it as a positive step forward that should help Cardiff make improvements on current recycling rates.
- The Committee felt that the Council could apply a similar 'Pink Sticker' approach to the municipal waste stream, i.e. a sticker that is used to identify municipal waste that includes material that can be recycled. They accepted the argument that such a change should not be introduced immediately as the public needed to adapt to the current proposal, however, they felt that this was something that the Council could look at in the future.
- Members were told that the Council was looking to enhance waste collection technology, for example, by potentially introducing RFID stickers to improve the quality and speed of data collection. The Committee welcomed this approach as it would improve the data held by the Council,

putting it in an informed position so that it can better target waste collection resources.

- The Committee felt that to maximise the impact of the 'Pink Sticker' scheme the Council waste webpage page needed to be as engaging and interactive as possible, therefore, they recommended that Recycling & Waste Management review the information on the site to identify how improvements could be made.
- A Member commented on a number of missed nappy collections, and the problems that this had presented for some local residents. An officer explained that the Council was working with Welsh Government to improve the reliability of collection schedules, and to roll out 'yellow nappy bins' across the city. The Committee welcomed this development.

## **Draft Budget Proposals 2020/21 & Corporate Overview / Draft Corporate Plan 2020 to 2023 (17th February 2020)**

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The meeting on the 17<sup>th</sup> February 2020 gave Members the opportunity to scrutinise and comment on the Draft Budget Proposals 2020/21 & Corporate Overview / Draft Corporate Plan 2020 to 2023. The item was supported by the Cabinet Member for Clean Streets, Recycling & Environment; the Cabinet Member for Strategic Planning & Transport; the Cabinet Member for Finance, Modernisation & Performance and officers from Resources, People & Communities and Planning, Transport & Environment Directorates. The purpose of the report was to provide Members with an opportunity to scrutinise the sections of the Council's Draft Corporate Plan 2020 to 2023, and Draft Cabinet 2020/21 budget consultation proposals relevant to the terms of reference of the Committee.

Following discussion, questions and comments the Committee sent a letter to the Cabinet Member for Finance, Modernisation & Performance that included the following points:

### **Corporate Overview**

- **Capital Borrowing Concerns** - During the meeting Members asked how sustainable the Council's proposed Capital Programme was over the next five years, and questioned the impact that this might have upon the wider revenue budget. The five year capital programme contained £938,875 million in proposals; much of which would need to be repaid by funds from the Council's revenue budget. An officer explained to the Committee that the current proposals had been assessed during the budget setting process, and that they were deemed both deliverable and affordable. Given the wider uncertainty and risk facing the United Kingdom economy, the Committee asked for assurance that the allocated capital budget was affordable.

## Strategic Planning & Transport Portfolio - Draft Budget Proposals 2020/21

- **Staffing for Transport Projects** – A Member expressed concern that the Planning, Transport & Environment Directorate was reducing staff numbers at a time when the number of schemes coming through was increasing (particularly transport related). He was told that most of the capital funds for the new transport schemes would include provision for the temporary recruitment of staff to help deliver the projects. He and the Committee were satisfied by this answer, however, they asked for assurance that:
  - The Council would be able to recruit the required number of staff, with the appropriate skills, and within the necessary timescale to deliver the new transport schemes;
  - The Council would be able to employ suitably qualified staff on short term contracts to deliver the work, rather than have to rely on expensive consultants.
  
- **Cycle Parking Provision** – At the meeting a Member questioned why some of the cycle parking provision in the city centre was so poorly located, and asked what could be done to identify better sites in future. As an example, he referred to separate cycle parking facilities adjacent to Marks & Spencer and close to Miller & Carter – both in the city centre. The Committee asked if the Cabinet Member could:
  - Confirm the process that is used to identify suitable cycle parking facilities in Cardiff;
  - Provide details of any consultation that might take place prior to deciding on where to locate cycle parking.
  
- **Capital Allocation – Cardiff City Transport Services Limited (Cardiff Bus)** – Capital line 59 allocated £13.6million for Cardiff Bus across the financial years of 2020/21 and 2021/22. The budget line explained that the funding would be *'subject to a further report to and decision of Full*

*Council, due diligence and other matters'*, with the ultimate aim of providing 'a package of support for Cardiff City Transport Services Limited'. The Committee was concerned by the amount of capital allocated to support Cardiff Bus over two years, and asked for regular updates as developments unfolded.

- **Moving Traffic & Attended Parking Enforcement Cameras** – Line 93 of the capital programme allocated £475,000 towards the installation of 'moving traffic cameras' and 'attended parking enforcement cameras' on new routes in the city centre. The Committee welcomed the introduction of the cameras in the city centre, particularly if they are used to target problem and illegal parking, for example, blocking of bus lanes. The Committee asked for confirmation of the routes that the new cameras were going to target, which offences they would prioritise and where they would be introduced.

### **Clean Streets, Recycling & Environment Portfolio - Draft Budget Proposals 2020/21**

#### **❖ Delivered by the Planning, Transport & Environment Directorate**

- **Flooding** – At the meeting reference was made to the recent flooding that had taken place and the impact that this had on local residents and the Council. Comments were also made about the growing threat of climate change, and the potential implications that this could have upon coastal and river flooding. The Committee asked for an explanation on what the Council was doing to mitigate all types of flood risk, the resources being allocated and any long term forward thinking that was taking place.

#### **❖ Delivered by the People & Communities Directorate**

- **New Household Waste Recycling Centre in North Cardiff** – Line 39 of the capital programme allocated £3.325 million across the financial years 2020/21, 2021/22 and 2022/23 for the provision of a new Household Waste Recycling Centre in North Cardiff. At the meeting it was explained to Members that creating such a site in the north of the city was still a



political commitment, however, the practicality of identifying a suitable site remained a challenge. The Committee was informed that work would continue to identify a suitable site, and that capital funding had been committed to the scheme. Members asked for a progress update on identifying a suitable scheme, to include details of sites that had been considered along with a realistic timescale for delivering the new facility.

- **Love Where You Live** – Members welcomed the additional £60,000 that had been included in the budget to help with the delivery of the revamped ‘Love Where You Live’ campaign. They felt that the scheme was an excellent educational / awareness raising tool that encouraged volunteer participation and, therefore, provided excellent value for money. The wider budget allocated £4.446 million of new monies for dealing with the collection, removal and processing of waste; this was a huge amount of money when compared to the resources put towards the ‘Love Where You Live’ campaign. Members commented that improving how the Council managed waste and achieved cleaner streets was not just down to how it processed, collected and removed waste, it also involved raising awareness and better public education. Following on from this comment the Committee asked for:
  - Details of what the £60,000 for ‘Love Where You Live’ would provide, for example, staff, equipment, promotional budget, etc..;
  - An increase in the funding for ‘Love Where You Live’ as the scheme sends out a very positive message and engages with lots of volunteers providing excellent value for money.

## SCRUTINY IMPACT 2019/20

During 2019/20 the Committee scrutinised a wide range of topics, and in doing so made a numerous comments, suggestions and recommendations. This section captures a selection of comments, suggestions and recommendations that Committee Members felt added value and impact during the municipal year:

### ❖ **22<sup>nd</sup> July – 2019 – Cardiff Food Strategy**

In July 2019 the Committee had an opportunity to scrutinise and make suggestions on the draft version of the 'Cardiff Food Strategy'. Members felt that the response to the July letter relating to the Cardiff Food Strategy was positive, and highlighted the following:

- **Local Food Market** – Members felt that Cardiff had a strong local food community, but lacked a permanent base where local food offers could be showcased. A Member pointed out that the city does not have an equivalent of Borough Market, and that such a facility would add sustainability, economic and tourism benefits. The Committee asked the Cabinet Member to look into this idea to establish if a suitable location existed in the city centre, and the feasibility of developing such a venue. The Cabinet Member agreed to look into the matter as a part of the development of the Food Strategy, and in doing so would work with key partners, for example, FOR Cardiff.
  
- **Council Food Establishments – Healthy Eating Options** – During the meeting comments were made on the lack of healthy food options at County Hall and other staff canteens. The Cabinet Member was asked what was being done to improve the healthy eating offer for staff, and to provide details of future healthy eating options to be introduced at County Hall and other Council food establishments. The Cabinet Member accepted this recommendation, and agreed to work with County Hall Canteen to drive improvements.

- **Local Food Quality Mark** - The Committee recommended the idea of creating a local food quality mark for Cardiff. They felt that this could be introduced to identify locally produced food that meets an agreed standard. Members commented that it would help local food growers, support the local economy and incentivise sustainability. The Committee encouraged the Cabinet Member to develop this idea in partnership with local food producers / retailers and the wider community. In response the Cabinet Member explained that local businesses and organisations had expressed an interest in developing local quality food mark, and so the strategy would work to deliver such a scheme as one of its aims.
  
- **Beef** - During the meeting a Member suggested that the Council should probably play a greater role in determining what was consumed at Council establishments and in school canteens. For example, beef, beef and beef had dominated the menu at his daughter's school for the last three days. He went on to highlight the current environmental crisis facing the planet, making reference to the negative impact that the beef industry has on large parts of the world. He continued by suggesting that the Council should use its influence in the procurement process to understand where beef came from, providing assurance that it was locally produced and not a product of Brazil where huge deforestation is taking place. The Committee agreed with this suggestion and encouraged the Council to produce a greener menu to support the Council's wider carbon reduction commitment, and to encourage schools to do more to promote healthy eating on the curriculum. The Cabinet Member accepted the recommendation and agreed to work with County Hall canteen to see where improvements could be made.

❖ **September 2019 – Biodiversity & Resilience of Ecosystems Duty**

During the spring and summer of 2019 the Environmental Scrutiny Committee carried out work on a task & finish exercise titled 'Managing Biodiversity & Natural Environment in Cardiff'. In advance of the publication of the report, and to align with Cabinet publication deadlines for the 'Biodiversity & Resilience of Ecosystems Duty', the Committee wrote a letter to the Cabinet

Member, setting out a number of comments, observations and suggestions around the draft document. Members were pleased with the overall response to the letter, and made particular reference to the following:

- The Committee letter dated 12<sup>th</sup> September 2019 endorsed the re-establishment of the Cardiff Biodiversity Partnership, it explained that, *'to support the delivery of the 'Cardiff Green Infrastructure Plan', the Members recommend that the Council should re-establish the Cardiff Biodiversity Partnership. This group could be tasked with overseeing the delivery of the projects contained within the 'Biodiversity & Resilience of Ecosystems Duty Action Plan', and could provide Cabinet with regular updates. Some Members felt that the title of the group could be changed to 'Partnership for Nature' to better define its purpose, and that the partnership could be chaired by a Council appointed nature and biodiversity champion'*.

Members were pleased with the Cabinet response which provided reasons why the Cardiff Biodiversity Partnership was unable to continue, but also highlighted that external funding had now been identified which would be used to employ a 'Biodiversity Officer', which would allow the 'Local Nature Partnership' to be progressed.

- The Committee letter explained that *'Section 3.3.4 of the 'Green Infrastructure Plan' makes reference to a various forms of green infrastructure and the mitigating impact that these can have against climate change; this includes an acknowledgement of the contribution that trees can make. Members support this, however, feel that the document should go further and highlight current and potential future policies that the Council can use to protect and enhance tree coverage in Cardiff'*. In response the Cabinet Member responded by explaining that 'Proposals for a Tree Strategy for Cardiff have yet to be set out in detail in the BRED Action Plan, but we recognise that this would be a valuable tool on the step towards an 'Urban Forest' or 'Canopy Cover' strategy. Increased tree coverage would align with climate change mitigation and adaptation, improving air quality and protecting biodiversity. It is therefore appropriate that this project is prioritised'.

## ❖ 21<sup>st</sup> January 2020 – Cabinet - Improving Cardiff's Air Quality

The Cabinet provided a response to the Committee report titled 'Improving Cardiff's Air Quality' at the meeting on the 21<sup>st</sup> January. Members were very pleased with the number of recommendations that were accepted, and the general positive reply to the report as a whole. They welcomed the comments that made by Councillor Wild during his opening statement, this thanked the Committee for the piece of work and the valuable contribution that it made. While the report made 31 recommendations, Members were of the view that the following made the biggest impact:

- **Recommendation 8** – The report recommended that the Planning Service reviewed its existing supplementary planning guidance in relation to managing air quality, and implementing sustainable fuel infrastructure alongside the development of the Clean Air Strategy. The Cabinet response accepted the recommendation, explaining that *'Shared Regulatory Services (SRS) have developed a draft version of a Supplementary Planning Guidance (SPG) for Cardiff Council. This document is subject to review and approval. In addition, the Planning Team have already produced a new SPG on the requirements for EV Infrastructure on new developments'*.
  
- **Recommendation 9** - The task group recommended a review into the wider traffic and pollution implications of new developments. They asked that this should include a review of traffic modelling techniques and how planning obligation monies can be applied across a wider area to deal with the impact of traffic and pollution. The recommendation was accepted, with the Cabinet response explaining that *'the implementation of this recommendation is dependent on the scale of the development, and any requirements for an Air Quality Assessment (AQA). SRS already request that cumulative impacts of large developments are considered when agreeing the scope of the AQA with developers/ consultants. SRS ensures that AQA comply the requirements of Institute of Air Quality Management (IAQM) /Environmental Protection UK (EPUK) Planning Guidance for AQ assessments. This will be further enhanced through a revised SPG on Air*

*Quality. The use of planning obligation monies across wider areas can be considered but would be subject to agreement of local members agreeing wider expenditure’.*

- **Recommendation 12** – The report recommended that the Council should increase its focus on the affordable short-term measures within its control. The recommendation was accepted, with the Cabinet response explaining that *‘current focus is on the Feasibility Study and developing and implementing the preferred option detailed in the Final Plan and agreed with Welsh Government. Additional measures including anti idling zones, green infrastructure/ Living walls can be taken forward as part of wider Clean Air Strategy but will of course be subject to appropriate funding being available’.*
  
- **Recommendation 17** – The report recommended that *‘the Council, public sector partners, major employers and For Cardiff (the Cardiff BID) should do all it can to encourage their staff to use active travel to get to work and carry out day to day trips whenever possible’.* The recommendation was accepted in the Cabinet response, and backed up with the following explanation, *‘working initially through Cardiff Public Services Board, a Healthy Travel Charter for Cardiff has been developed with major public sector employers’*, it continued by explaining that *‘signatories to the Charter make 14 commitments on improving access to active and sustainable travel for staff and visitors to their main sites, and jointly commit to three targets namely:*
  - *Reduce the proportion of commuting journeys made by car;*
  - *Increase the proportion of staff cycling weekly; and,*
  - *Increase the proportion of vehicles used for business purposes which are plug-in hybrid or electric.*

The Charter was signed by 11 public sector organisations employing over 33,000 staff, with additional public and private sector organisations subsequently invited to sign up to the Charter.

❖ **17<sup>th</sup> February 2020 - Draft Corporate Plan 2020 to 2023 & 2020/21 & Draft Cabinet Budget Proposals 2020/21**

The budget proposals for 2020/21 and draft Corporate Plan 2020 to 2023 were scrutinised at the Committee meeting on the 17<sup>th</sup> February. Based on the Cabinet response to the letter produced after the meeting, and taking comments from the meeting and across the year Members felt that Scrutiny impact was achieved in the following areas:

- **Love Where You Live** – The budget proposals for 2020/21 included an additional £60,000 to support the revamp of the Love Where You Live campaign. This included £35,000 for a Community Development Coordinator, and £25,000 dedicated towards litter picking resources. The Committee welcomed the additional funding, as they recommended in the ‘Litter & Fly Tipping in Cardiff’ report that the Council should *‘increase the funding for ‘Love Where You Live’ as the scheme sends out a very positive message, and engages with lots of volunteers providing excellent value for money’*.
- **Cycle Parking Provision** – At the meeting a Member questioned why some of the cycle parking provision in the city centre was so poorly located, and asked what could be done to identify better sites in future. As an example he referred to separate cycle parking facilities adjacent to Marks & Spencer and close to Miller & Carter – both in the city centre. The Committee letter sent after the meeting to the Cabinet Member asked him to:
  - *Confirm the current process that is used to identify suitable cycle parking facilities in Cardiff, and,*
  - *Provide details of any consultation that might take place prior to deciding on where to locate cycle parking – Committee Members believe that the Council should identify a mechanism to consult with ‘everyday cyclists’ instead of relying on responses from established cycling groups.*

In his response the Cabinet Member '*acknowledging the current and fragmented nature of City Centre cycle parking*' and explained that to address the issue they had '*commissioned a short study to map both existing and future demand and align this with UK best practice. This assessment will report shortly and will identify future major cycle parking locations. This document will also be the basis of future consultation with Ward Councillors in order to optimise the approach and establish an agreed way forward*'.

❖ **3<sup>rd</sup> March 2020 – Cabinet Response – Environmental Scrutiny Committee Report Titled 'Litter & Fly Tipping in Cardiff'**

Members felt that the response to the Environmental Scrutiny Committee report titled 'Litter & Fly Tipping in Cardiff' was very positive. The Cabinet accepted 57 of the 68 recommendations, and partially accepted a further 10 recommendations contained within the report. They were also told that the document is now being used as the basis of an action plan to be used to address litter and fly tipping in the city. The key recommendations accepted in this report were:

- **Resource Allocation Based on Good Data** – The Committee recommended that the Council develop a robust data source that is constantly updated through a new integrated technology network. The Cabinet response agreed with this and staff in the service area are now developing '*a technology network capable of creating data visualisations*' which will help improve the allocation of resources in future.
- **Workforce Planning** – Members raised concerns about the average age of the street cleansing workforce and the physically demanding nature of the work they undertake. They felt that the older age profile had the potential to impact on sickness rates and medium to long term work succession planning. They recommended that the service fed this into the Council's wider workforce planning exercise. The Cabinet report accepted this exercise, and confirmed that work was underway to '*consider*



*opportunities for the creation of apprenticeships in the service that will assist in addressing the issues identified'.*

- **Community Protection Notices** – Newport City Council had some success in dealing with fast food related litter buy using Community Protection Notices. At the time of the report this was not something that was being used in Cardiff. Members recommended that the Council should review the option of applying this approach in Cardiff. This recommendation was accepted, with the Cabinet response agreeing to consider the approach, and look at how it might be used to tackle fast food litter in the city.
- **Refresh the 'Love Where You Live' Campaign** – Members recommended that the 'Love Where You Live' campaign should be relaunched to help raise educational awareness, and that this should be supported by a number of new initiatives aimed at reducing litter and fly tipping. The Cabinet response accepted this recommendation, and to support the initiative allocated an additional £60,000 in the 2020/21 budget to help fund a Community Development Officers and other extra resources to support community litter picking.
- **Using Social Media to Deliver Targeted Measures** – Members recommended that the Council should use targeted social media messages to address litter and fly tipping problems in specific communities and geographical areas. The Cabinet response accepted this approach and agreed to pilot such '*new approaches to tackling litter and fly tipping*'. They went on to explain that '*targeted communications and education will support this initiative*'.
- **Volunteering** – The report made a series of recommendations on volunteering, which the Cabinet report accepted, these included:
  - Running an annual recognition ceremony to recognise the efforts of Cardiff's volunteers.

- Providing funding for a 'Volunteer Co-ordinator Post', this was supported in the 2020/21 budget process by the addition of an extra £35,000 to cover this role.
- To support and grow the 'Cardiff Tidy Network', this would help to develop volunteer resources across Cardiff and help promote best practice.
- Providing storage space to support established volunteer groups.
- The provision of Council communications support for volunteer groups, to help raise their profile and to promote the good work that they do – this is now happening through Council social media channels.

## RECOMMENDED FUTURE WORK PROGRAMME

The Committee receives regular work programme updates at which Members have the opportunity to consider items for inclusion on the work programme, and suggest any new issues that may be of interest to the Committee. The following items have been identified during 2019/20 as suitable items for discussion during the 2020/21 work programming process:

- Cardiff's Bus Routes & Services;
- Lamby Way Solar Farm – Member Update;
- Highways Resurfacing Programme;
- Fourth Cardiff Local Development Plan Annual Monitoring Report;
- Shared Regulatory Service Annual Report 2019/20 & Business Plan 2020/21;
- Recycling & Waste Management Strategy;
- Waste Collection Productivity;
- Recycling & Waste Management Service Restructure;
- Draft Budget Proposals 2021/22;
- Planning, Transport & Environment Directorate – Quarterly Performance;
- Planning, Transport & Environment Directorate – Directorate Delivery Plan 2020/21;
- Planning, Transport & Environment – Improving Digitalisation;
- Cabinet Response to Scrutiny report Managing Biodiversity;
- Transport for Wales – South Wales Metro Update;
- Transport White Paper.

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## Policy Review and Performance Scrutiny Committee

# Annual Report 2019–2020

June 2020



**Cardiff Council**

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

## CONTENTS

<b>Committee Membership</b> .....	<b>3</b>
<b>Chair’s Foreword</b> .....	<b>4</b>
<b>Overview and Statistics 2019-20</b> .....	<b>6</b>
<b>Work Programme Impact 2019-20</b> .....	<b>8</b>
❖ Task & Finish Inquiry.....	8
❖ Monitoring Improvement.....	10
❖ Monitoring Performance.....	16
❖ Pre-Decision Scrutiny.....	20
❖ Policy Development.....	23
❖ Partnership Scrutiny.....	28
❖ Joint Scrutiny.....	30
❖ Call-ins.....	32
❖ Briefings.....	33
<b>Future Work Programming Opportunities 2020-21</b> .....	<b>35</b>

## Committee Terms of Reference

- ❖ To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council’s policies, aims and objectives.
  - ❖ To scrutinise, monitor and review the effectiveness of the Council’s systems of financial control and administration and use of human resources.
  - ❖ To assess the impact of partnerships with, and resources and services provided by, external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-government bodies on the effectiveness of Council service delivery.
  - ❖ To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance in this area.
-

**Committee Membership 2019-20**



**Councillor David Walker**  
**Chair**



**Councillor Ali Ahmed**



**Councillor Rodney Berman**



**Councillor Bernie**  
**Bowen Thomson**



**Councillor Jane Henshaw**



**Councillor Norma Mackie**



**Councillor Ashley Lister**



**Councillor Rod McKerlich**

## Chair's Foreword – 2020 - a challenging year

Few would disagree that 2020 has been a challenging year for all organisations. The Council has faced the **challenge of delivering frontline services** with decreasing budgets during the COVID-19 crisis whilst implementing remote working for staff wherever possible. This year the Committee, as have all, faced **challenges in delivering some of its programmed meetings**, due to unexpected and unavoidable events. It is important that decisions are made quickly and efficiently in unpredictable times, and strong governance requires that scrutiny continues to play its critical friend role in times of emergency. We know that the effects of this year's crisis will be felt for years to come and this committee will no doubt find itself asking questions about the Council's response, its impact and how it is preparing for crises which will inevitably lie ahead.

The importance of scrutiny in challenging times leads me to reflect on the **challenge of resourcing the committee**. I sincerely thank those that have participated for bringing their expertise and experience in representing their constituents. The work captured in this Annual Report has been achieved with a reduced compliment of back bench Members over the whole year and I wish to take this opportunity to implore all political parties to use their full allocation of scrutiny seats if they wish to influence policy. If that fails then a further look at how constitutionally these gaps can be filled by others may well be a necessary way forward.

Our work has covered many topics that are the foundation to delivering effective council services in challenging times. The Committee's Performance Panel has continued to consolidate its innovation of introducing cross committee interaction with **Corporate Plan** target setting at a policy development stage, with the support of the Leader. This has helped secure impact for all five scrutiny committees within the Corporate Planning process. Such progressive interaction demonstrates the valuable impact that effective scrutiny can have on the Corporate Plan, the Council's highest level strategic document.

This year we have seen clear evidence that the organisation is taking the development of a **Customer Service** culture seriously by positively implementing the recommendations made by the PRAP report on this topic. We have also been fully engaged in policy development to progress the **Smarter Working** project of the Capital Ambition Delivery Programme and have been encouraged by progress of the **Digital Strategy**. We consider strategies such as these are the potential foundations



in improving the quality of services the Council is delivering to its customers and are crucial elements of its emergency response. We continue to monitor how well partner organisations are working together, having scrutinised the first Annual Report 2018/19 of the **Cardiff Public Services Board** against the Cardiff Well-Being Plan 2018-2023.

Finally, those Councillors and officers who have dedicated time to scrutiny over the year will recognise its value in enriching the decision-making of the organisation. We feel its value needs to be understood and evidenced both by the function itself, by the service areas it scrutinises and by the Council as a whole. For some time I have felt that there needs to be a process in place to monitor the implementation and outcomes of agreed scrutiny Task and Finish report recommendations. Following substantial high level research and committee work we have published our inquiry report on **Scrutiny Impact**, making recommendations for capturing the value of scrutiny through monitoring its impact both quantitatively and qualitatively.



A handwritten signature in black ink that reads "David Walker". The signature is written in a cursive, flowing style.

**Councillor David Walker**  
**Chair, Policy Review & Performance Scrutiny Committee**

## Overview and Statistics 2019-20

This Annual Report covers the work of the Committee between June 2019 and May 2020. At the time of writing the Council is delivering highly visible front-facing and essential local services against the backdrop of a world pandemic that will become a part of history. Our responsibilities under our terms of reference and work over the past year have challenged many areas of the organisation, some front facing, most the back office foundations that support good service delivery. We hope our internal critical friend challenge has helped the Council to prepare to deliver services successfully alongside its partners in times of emergency.

Throughout 2019-20 the Committee has held 8 formal public meetings and one informal joint meeting together with the Environmental Scrutiny Committee. The committee meetings programmed in December 2019 and May 2020 did not take place due to an unexpected General Election and the Covid-19 pandemic respectively. We sent 18 letters to the Cabinet and Senior Management Team, sharing the Committee's comments, concerns and recommendations following the scrutiny of 21 topic areas in line with our Terms of Reference. In response the Committee received 12 letters from the Cabinet.

The webcasting of formal meetings remains a feature of this Committee's proceedings and has steadily increased from 18% in 2018-19 to 66% of meetings in 2019-20. The highest number of views was 87 in January 2020 and the underlying average was 58 views per meeting. The Committee looks forward to continuing its contribution to improving transparent democratic engagement.

It continues to be the case that Scrutiny is as successful as the capacity, skills and development of Members that volunteer to sit on Scrutiny Committees. In June 2019 we welcomed Councillor Jane Henshaw to the committee, and

Councillor McKerlich returned following his year as Deputy Lord Mayor, replacing Cllr Hudson. However, following a change in the political balance of the Council in June 2019, the Committee has carried two vacancies for a large part of the year. Councillor Boyle was unable to retain his seat on the committee, and a seat allocated to the Welsh National Party remains vacant. Councillor Ali Ahmed joined the committee in February 2020. Councillor Boyle's departure has meant the two remaining members of the Committees task and finish inquiry have delivered its final report on *The Impact of Scrutiny*. The Committee has also continued to support its Performance Panel, which has a growing corporate planning and performance remit, for which four Members volunteered. To support its work the Committee continues to benefit from one full time principal scrutiny officer, a proportion of the scrutiny research post, and a committee clerk. High level oversight of its work is through the Head of Democratic Services.

The Committee uses a variety of recognised scrutiny approaches (*as listed above in Contents*) to examine the topics it agrees for its own work programme at the start of the year. Highlights that particularly illustrate the Committee's impact this year include: the ongoing informal collaborative joint scrutiny of the Corporate Plan, illustrated by a number of changes to the Corporate Plan embraced by the Cabinet put forward by all five scrutiny chairs; our engagement in the re-shaping of performance and governance frameworks to gear up for the requirements of the forthcoming Local Government Elections (Wales) Bill, which proposes taking self-assessment and peer review to another level; and completion of a task and finish inquiry to evaluate the impact of the scrutiny process on the delivery of Council services.

The following pages describe the Committee's key activities in 2019-20, capture the comments, observations and recommendations made by Members, and also the Cabinet's response to our work.

## Work Programme Impact 2019-20

**Task & Finish Scrutiny** - *Where the Committee considers there is an opportunity to examine in detail the issues and wider options available, to assist the Council in improving the way a service is delivered.*

### The Impact of Scrutiny

March 2020

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This year the Committee has completed its task and finish inquiry to evaluate the impact of the scrutiny function on the delivery of Council services. A task group set out to address the absence of a mechanism for capturing the impact of the work of all scrutiny committees, and the value of the scrutiny function to the organisation resulting from the implementation of its recommendations.

The key output of the inquiry was the development of a practical model that, if applied, will collect data and evidence throughout the municipal year. This evidence will provide the basis for performance assessment of the scrutiny process and an evidence based annual report to Council.

Members agreed to a primary research heavy approach, firstly to establish the impact of scrutiny in Cardiff Council since 2012; and secondly to establish options for developing the model following reference to organisations such as the National Assembly for Wales, UK Parliamentary Select Committees, the Centre for Public Scrutiny, the Association for Public Service Excellence, the House of Commons Communities and Local Government Committee, the Constitution Unit of University College London, and the Welsh Local Government Scrutiny Officer network.

The model will capture quantitative and qualitative impact in 3 parts. Firstly a quantitative assessment of output based on monitoring the number of recommendations made and the immediate outcome achieved, as demonstrated by the acceptance or rejection of these recommendations. This part introduces the concept of '*substantiveness*' as a key measure in

determining the level of influence or impact that recommendations have on policy. Secondly, the self-assessment process outlined in the proposed model extends beyond the scrutiny function to service areas, requiring self-assessment of the implementation of accepted scrutiny recommendations and a report to the relevant scrutiny committee on a 6 monthly basis. Thirdly, the model broadens the concept of capturing scrutiny's impact by recognising that its influence is not always quantifiable, and yet it can make a tangible qualitative difference to the way in which the Council delivers its services.

The Committee is therefore recommending that Cabinet adopts the model for capturing the impact of scrutiny, acknowledging that it represents early compliance with the self-assessment requirements set out in the forthcoming Local Government Election (Wales) Bill; and that the scrutiny function pilots the model to provide a framework and database on which a quantitative assessment of its impact on Council services can be captured and reported to Full Council annually. It also recommends an extension of the governance arrangements currently in place for responding to the recommendations of a scrutiny inquiry, to those generated by the committee in correspondence.

The inquiry further recommends that the Cabinet office and service areas make arrangements to track and report on the implementation of accepted scrutiny recommendations for presentation to the scrutiny committee within 6 months of approval, integrating with the Council's planning and performance framework; and that directors are accountable for reporting such progress;

Following the pilot it is proposed to develop and brand the model for potential sharing as best practice with other public bodies and local authorities.

**Monitoring Improvement** - *Where the Committee has undertaken monitoring of the Council's improvement progress.*

**Sickness Absence**

June 2019 & January 2020

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Once again the Committee has focussed on the Council's progress in tackling Sickness Absence, programming scrutiny in June 2019 (2018-19 outturn) and January 2020 (2019-20 mid-year).

The Committee continued to offer its comments in constructive vein given an 11.53 FTE outturn for 2018-19 against a target of 9.5 FTE. We commented on adjustments to the Council's Employee Attendance and Wellbeing policy for 2019; on the widely differing levels of sickness across service areas despite bespoke action plans; and we requested that analysis of quarters 3 and 4 data providing significant insight into the reasons for the final 2018-19 outturn be shared. We were particularly interested in the sickness absence levels recorded for 45-64 year old employees, noted initiatives such as the review of the Carers Policy, the active Carers Network, and the option for carers to register as such. We felt strongly it was difficult to separate stress into work-related and non-work related sickness absence.

Concluding that measures undertaken in 2018-19 hadn't delivered the Council's sickness target, we felt strongly that there was an opportunity for the analysis of the outcomes to inform greater proactivity in tackling sickness absence with more preventative approaches. As mental health and muscular-skeletal sickness continues to increase, along with occupational health referrals, we consider it is important to proactively examine the underlying causes as to *why* injuries are occurring.

In summary, at the end of the 2018-19 performance year the Committee expressed concern that the considerable analysis and data the Cabinet had

undertaken was not informing a more preventative, and thereby proactive, approach to tackling sickness absence in the Council.

It was therefore encouraging in January 2020 (2019-20 mid-year) to hear of new initiatives in place to address sickness levels, particularly that policies on annual and special leave had been reviewed. We heard about the many complimentary health services now available and new services introduced to support mental health.

However, despite these new initiatives, a mid-year outturn forecast of 11.09FTE days lost in 2019-20 against a 9.5FTE target was discouraging. Quarters 1 and 2 absence levels for the year were exceeding levels for the same quarters in 2018-19 and long term sickness absence remained the primary cause. The forecast was even more discouraging given the fact that an increasing number of local authorities in Wales appeared to have improved their levels of sickness absence to levels below 10 days per employee a year.

In response the Cabinet Member Finance, Modernisation, and Performance reassured us that a significant amount of work is underway to try to turn the current performance around. Efforts are concentrated around long term sickness and specifically around those ailments which cause the highest levels of absence and it may take time to see the impact of the interventions recently introduced.

This Committee has monitored sickness absence over many years, noting the falling outturns from 2013 have started increasing in recent years. Factors in the recent rise were considered to include organisational changes, smaller staff numbers and an increase in non-work related stress. We recommended a closer look at those Welsh authorities with sickness outcomes of less than 10 days to assess the measures taken. In response we were reassured that the intention was to contact a variety of organisations, both in the public and private sectors, to request their sickness information, and to include a request for data regarding stress related absences and the actions that they are taking to reduce this.

The Committee, on both occasions it has scrutinised sickness this year, urged the Council to lift its vision on sickness from an individual level to an organisational, preventative picture. This requires the Council to perform an organisational stress risk assessment, as required under Regulation 3 of the Management of Health and Safety at Work Regulations 1999. Therefore, while noting the work the Council has already done and the services provided, the Committee considers that if we do not assess and control the risks to employees some will continue to suffer stress related issues. We provided links to useful sites that would assist in undertaking an organisational stress risk assessment and have asked HR and Health and Safety officers to identify what can be introduced over and above the initiatives already in place.

Having heard in June 2019 that sickness absence in Waste Management had improved, in January 2020 the Committee took a case study deep dive into the effectiveness of its action plans and the challenges it faces. High levels of sickness absence in Waste Management are a long standing problem. Long term sickness absence (77%) significantly outweighs short term sickness absence (23%) with a relatively small number of cases accounting for a significant proportion of the overall absence. Disingenuous sickness is present but not a huge issue, though evidence of returning to work prior to the onset of half pay at 6 months is notable.

Waste Management has clearly taken a step change in looking at 'safety' alongside 'health' and there was evidence of the service recognising the benefit of linking Health and Safety to sickness levels. We commend the aspiration to improve sickness absence levels in this specific area by 20-30%. Line management accountability has been reinforced to ensure full compliance with all policy requirements and the overall level of sickness for 2019-20 is predicted to be 3 days less per FTE than for the previous year. A genuinely stretch target of 14.8 days is in place for 2020-21.



a Proposal for Improvement on the Council to strengthen the role of scrutiny in engaging with the CADP programme and increase accountability to increase momentum. Following discussions with the programme manager, in September 2019 the Committee sought early engagement to shape and agree a 6 monthly report to scrutiny, and how best to ensure the committee could measure future progress.

We offered clear guidance that the same portfolio dashboard reports should be made available to Scrutiny as are prepared for CADP Programme Board and Senior Management Team. However, the scrutiny report should also include a one page overview of each programme, progress achieved, risks currently under discussion by the Programme Board, and timelines going forward. We suggested a qualitative narrative that captures what has been learned from experience and supports critical reflection as well as quantitative monitoring of progress and RAG ratings. This would assist us in the selection of deeper dives and enable the Committee to refer concerns and recommendations to the other four Scrutiny Committees where projects of concern fall within their Terms of Reference. It would also address and satisfy the Proposal for Improvement in respect of Scrutiny raised by WAO in their recent review of the governance of the Programme.

The Committee has since considered in depth a number of projects that sit within the programme and looks forward to an overview of the programme on its future work programme.

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This Committee has traditionally aimed to strengthen the links between internal scrutiny and external auditors, believing their Proposals for Improvement are a useful steer for the focus of our work during the year. It was therefore regrettable that the WAO relationship manager felt unable to accept our annual invitation to consider the Wales Audit Office Annual Improvement Report to the Council for 2018-19. The Cabinet Member Finance, Modernisation and Performance has since asked the Chief

Executive and Assistant Director for Performance and Partnerships to pass on the Committee's concerns to the Council's WAO relationship manager.

The Committee heard the 2018-19 Annual Improvement Report was broadly in line with the key challenges and priorities identified by Cabinet, *looked after children and outcomes for vulnerable children, waste management and street scene services, sickness absence, corporate landlord, and financial pressures*. We will ensure these five priorities are a focus of scrutiny work programmes going forward.

We requested that scrutiny be an effective part of the internal peer review developed in response to any mandatory self-assessment proposals within the Local Government Elections (Wales) Bill. In response the Cabinet Member stated that the Council is already well positioned to meet many of the requirements of the Bill, currently exemplifying some of the practices it seeks to establish, most notably through the role of the Performance Sub-Group and the development of the Corporate Plan. In responding to the Bill he is clear that the Council's Scrutiny function is a major stakeholder within its Planning and Performance Framework and gave his commitment to work in partnership to ensure that the Committee (and Scrutiny in general) play an effective part of the self-assessment proposed within the Bill.

In respect of the auditors Proposals for Improvement following a review of the CADP, we were informed that a management review seeks to improve the allocation of resources to specific programme projects and would be concluded by the end of the year. We requested an opportunity to be involved in discussion around improvements to the performance framework aimed at strengthening the links between financial and performance management, which was acknowledged by the Cabinet Member.

Finally, we requested that Cabinet's ongoing refresh and review of the Capital Ambition Delivery Programme factors Scrutiny into the governance arrangements at the outset, specifically supporting our proposal for 6 monthly scrutiny oversight and monitoring of the Programme. This request too

received commitment from the Cabinet Member that officers would make appropriate arrangements for ensuring that scrutiny has regular oversight over the delivery of Capital Ambition, and that Scrutiny oversight is built into the Council's revised Capital Ambition delivery framework.

## Customer Services

November 2019

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Since the Committees 2018 inquiry report on Customer Leadership we have championed the importance of developing a corporate-wide culture that has customer service at its heart. The November 2019 presentation to Committee showed real commitment and clear progress since that scrutiny report was published. The Council is in the process of developing a customer service strategy and this is year one of a five year plan, clear evidence that the organisation is taking the development of a customer service culture seriously. We will continue to endorse the message that customer service is everyone's responsibility whether frontline or back office.

Further evidence of the impact since the committee's inquiry is the Council's 5 year membership of the Institute of Customer Services (ICS). We remain keen to establish how the outcomes of a customer strategy will be measured and have asked for more evidence of plans when we next consider progress. Cultivating a relationship with the Institute of Customer Service in the initial 12 month period has strengthened customer service culture as they have specialist understanding of the complexities that facing a large organisation.

The Committee's original report recommended *ensuring each member of staff understands who their internal or external customers are* and re-enforcing this within the Personal Development Review conversation. We were advised that a customer service competency now features in all Personal Development Reviews.

We welcomed evidence of growing corporate support to move the Council's culture towards appreciation and response to customers and their needs. We will continue to monitor leadership commitment to delivering the corporate

focus on customer culture, and we encourage the formal celebration of customer service success such as the Customer Service Hero award nominations

The Committee heard innovative ways would be sought to ensure that excellent customer service training is available and delivered to all staff across the authority. We welcomed the positive staff response to training and established that it will be necessary to revisit training resources in the future.

**Monitoring Performance** - *Where the Committee has undertaken monitoring of the Council's performance.*

**Workforce Strategy 2018-21**

June 2019

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A progress update on the Workforce Strategy 2018-21 resulted in comments and observations on agile working, the integration of council policies, the Health and Well-being programme, how well the workforce reflects its customer base, zero based budgeting and monitoring performance.

The Committee was interested in the challenge of smarter, agile working and its resource implications for employees, accommodation and technology, and later in the year considered the Smarter Working project. When we first considered the Workforce Strategy in May 2018 we understood that it aimed to strengthen the links between business, financial and workforce planning, with the intended outcome of improving overall performance including delivery of higher customer service standards. In June 2019 we re-iterated that we consider it important to ensure that the Council's PPDR system has strong links to the Workforce Strategy and is included in its documentation and processes.

We requested attendance figures for activities organised under the Health and Well-being programme. We were also keen to establish progress in respect of the Council's levels of BME employees within the workforce, being particularly

interested in the size of the increase and the percentage of BME applicants that are successfully appointed having applied.

The Committee highlighted that over the past 10 years the number of FTE employees has decreased by 20%. We consider it important to establish existing and future budget and staffing needs by taking a fundamental look at the resources required to deliver essential services. We therefore suggested taking a zero based budgeting approach to arrive at the correct number required. Similarly members considered it important to be clear about the outcomes the Council is expecting from its workforce processes and activities, to ensure it is able to measure success. We suggested using productivity to effectively illustrate the outcome of the Workforce Strategy and inform staffing projections.

**Annual Well-being Report 2018-19**

July 2019

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In July 2019 the Committee welcomed the new Annual Well-Being Report 2018-19, describing a positive position of council performance for the 2018-19 year. We felt there were a number of opportunities for improvement and requested informal discussion with the Head of Partnerships and Performance to assist in its continual improvement.

The public document contained a variety of inconsistent terminology potentially confusing to members of the public; the variety of information sources and the factors used to determine the self-assessment of objectives were unclear. Approximately 25% of KPI's in the report had no associated data or targets, the justification for which we considered should have been explained in the report. We consider all these are potential areas for improvement in the future.

The Committee considered clarity was needed regarding the financial implications for the capital programme of the backlog of essential maintenance for corporate building, estimated to be approximately £100m. We were advised that key strategies to progress the corporate estate would

be considered by Cabinet in the near future and we would expect to be involved in the decision making on these strategies.

Members proposed that additional performance indicators be developed to include the impact and levels of poverty; the number of new jobs created following a council apprenticeship; and the number of Council contractors paying their employees a living wage.

## **Budget Monitoring 2019-20**

October 2019

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Month 4 is the point in the budget year at which pressures can be identified that will enable the Council to plan for action to balance the budget. This year the Committee discovered that by month 4 the Council's directorates had a projected overspend of £7.018million and we made a number of observations to Cabinet.

We consider there should be greater use of trend analysis in setting budgets, particularly in social services. The Council appears not to be learning from previous experience of overspending where upward trending is clear. We urged the Cabinet Member to factor trend analysis into business case discussions, and his response agreed that trend analysis provides understanding of the impact any interventions or mitigations will have alongside of the level of risk involved.

The Committee was concerned that approximately a third of targeted savings for 2019-20 were projected to be unmet. We felt councillors appear to receive advice on potential savings opportunities that are not actually achievable, and a more robust system of detailed savings business cases would be vital in planning 2020-21 budgets. Cabinet's response confirmed work on delivering efficiencies would guarantee savings for 2020-21 and a budget challenge process would ensure that business plans changing the delivery of a service would provide a high level of assurance that savings will be delivered, with a clear understanding of the risk involved.

We feel strongly that there is an opportunity for improved financial reporting to be of greater assistance to managers in delivering services and a more current reporting mechanism on the budget position would enable quicker management response to adverse variances within service areas. We also noted that the Corporate Director Resources agreed that there was an opportunity to improve budget forecasting.

At this scrutiny the Committee took a deep dive into two services with notable overspends that fall directly within its remit, Facilities Management and Fleet Services. In respect of Facilities Management we established there are several challenges ahead, such as the provision of security services, the management of buildings, and a requirement for incentives to decrease the use of energy in council buildings. It was unclear whether overspending on energy at month 4 was a consequence of excessive energy use or increased energy costs. However it is clear that the running costs of buildings is an issue and the Committee will factor this into its forthcoming scrutiny of the new five year Property Strategy.

In respect of Fleet Management the number of vehicles being processed through the workshop has increased, and since the Council has purchased its fleet its maintenance means the productivity of the workshop has needed to increase. We were encouraged to hear that more opportunities are being identified to utilise vehicles across many services.

## **Digital Strategy**

March 2020

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The Committee found the Chief Digital Officers progress report on the Council's Digital Strategy encouraging. We consider strategies such as this are the foundation to improving the quality of services the Council is delivering to its customers. However we highlighted some opportunities for improving our monitoring of progress in the future.

There has been a claimed improvement in productivity from the increasing digital agility of the Council and we intend to monitor such improvement over time, therefore we requested that in future we have sight of performance

statistics in advance to inform our scrutiny. We look forward to sight of the annual report of digital progress against planned actions. There has clearly been a notable move in accessing Council services from desktop interaction to mobile device, so we feel it would be useful to understand *who* is using the App, particularly if it is possible to analyse patterns across different areas of Cardiff.

The Committee is interested in the impact on staff of the new digital channels for customer service, and also in Bobi the Chatbot, recently launched as the next step in digital customer service. We note the Director of Corporate Resources view that it will be important to return to the business case when expanding services available through this channel. We have requested a demonstration in the near future and feel Bobi may be attractive to other organisations.

Members took the opportunity to highlight the challenges and frustrations they face when IT support is unavailable out of hours and urged that all councillors are supported in a familiarisation training session to resolve their own password reset.

**Pre-decision Scrutiny** - *Where the Committee has evaluated and commented on policy proposals before they are considered by the Cabinet, providing the Cabinet with an understanding of Scrutiny Member's views prior to making their decision.*

**Draft Corporate Plan 2020-23**

February 2020

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A fundamental role of the Committee is the pre-decision scrutiny of the Council's draft Corporate Plan each year. This is undertaken simultaneously with pre-decision scrutiny of the draft Budget, to ensure that the proposals support the priorities as set out in the Corporate Plan.

Scrutiny of the final draft Plan followed informal collaboration between the Cabinet and all five scrutiny committees (see p30). Following scrutiny of the final draft the Chair, on behalf of the Committee, its Performance Panel, and



all Chairs of Scrutiny, placed on record that all parties recognised the benefit of informal engagement with the Cabinet during development of the Corporate Plan for 2020-23. The impact of informal joint scrutiny was clear as a majority of the points made during that meeting had been addressed within the final draft and were evident in the Plan brought before the five Committees for formal pre-decision scrutiny.

Members felt that the final published draft Plan was far more accessible and had greatly facilitated their preparations for the formal meetings. The Committee therefore requested that in future this version of the Plan, including significant graphics and benchmarking illustrations, be made available prior to the Performance Panel meeting with scrutiny chairs.

During the scrutiny Members commented with concern on increasing the numbers of Looked After Children fostered by Local Authority carers; the importance of contingency budgets to react to extreme weather; that the Corporate Plan should acknowledge the challenges faced by the Waste Management service around efficiency, productivity, poor supervision and high sickness absence rates; and the forthcoming review of the LDP that would capture Cardiff's low-carbon transition. We welcomed a fresh focus on reducing sickness absence, that work will continue with Directorates to better understand the causes.

#### **Draft Budget Proposals 2020-21**

February 2020

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Against a backdrop of a better than expected financial settlement from Welsh Government, this year the Committee dedicated its budget scrutiny to its overarching corporate financial remit, taking an overview of Budget Proposals 2020-21, including a focus on the Council's Capital Strategy. Following the scrutiny the Committee swiftly captured its comments and concerns and relayed them to the Cabinet Member, Finance, Modernisation and Performance in time for Cabinet the following afternoon.

The Committee re-iterated its concerns about overspending, particularly in the areas of Children's Services, Waste Management and Facilities Management

We received reassurance that the Finance service considers that the Waste Management service can deliver on its budget, expecting greater resilience in the projections and outcomes for 2020-21. There has been a Waste Management restructure, a new Chief Officer, and a strengthening of finance function support to the service area. Across the Council the section 151 officer was confident that budget estimates are now more robust and overspends can be avoided, There is a long history of large Social Services overspends and each year reassurances are given but we have yet to see annual spending come close to matching the budget for this service area.

We noted the number of red risks shown within the budget statement had reduced from previous years, were reassured there is a move towards more regular monitoring of spending and cost reduction, and we placed a marker that we wish to hear more about what is achieved during the coming financial year. In respect of risk analysis, Members probed whether it is possible to reduce the Council's £3m contingency fund and many considered it an unnecessary insurance against poor budgeting outcomes. We also heard that there will be no compulsory redundancies and Members requested that in future years it would be helpful for scrutiny to have a summary of projected headcount changes as part of its papers which would include the voluntary redundancy and retirement numbers.

A recurring theme of the Committees scrutinies this year has been concern that agency spend across the Authority is growing. One reason is its extensive use within Children's Services. We encouraged Cabinet to undertake an in-depth review of how agency staff are used and can be reduced dramatically from the present £16m level which has been rising in recent years.

The Committee was reassured to hear that there is on-going analysis of the CTS in-house vehicle maintenance service, and that work on productivity and performance improvement is ongoing. We urge that when this work is complete a full value analysis is undertaken and we intend to programme a progress update on CTS.

In relation to the Capital Strategy 2020-21 we sought an explanation of the straight line basis on which capital expenditure is repaid following a review in 2019-20 that determined that such a policy was a prudent way forward. We established that the Council's debt will increase, and that interest rates could rise in the next 5 years. We therefore expressed concern that the Public Works Loan Board is likely to increase the cost of borrowing and that there may be risks within the Medium Term Financial Plan. We were also informed that the £1.5m loan to assist a private developer to complete the Coal Exchange building was secured through a Welsh Government re-generation grant and that the Authority expects to recover the cost in full.

Finally, on behalf of all Scrutiny Committees, a plea to improve scrutiny access to information in future years. We found the presentations given by Financial Services particularly useful for member understanding of the budget proposals and in future would like to receive these with our papers. Secondly, the availability of hard copies of papers, particularly where there are complex A3 tables is an ongoing question that requires resolution.

**Policy Development / Consultation Scrutiny** *-Where the Committee has contributed to the Council's policy development processes by considering draft policy documents.*

**Smarter Working Project**

September 2019

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The Committee has been fully engaged in policy development to progress the Smarter Working project of the Capital Ambition Delivery Programme. We understand the aims of this project, and its potential to succeed if well designed, supported and implemented. Our observations to the Cabinet centred on culture, the implications for employees, sickness absence, technology, touch down points, leadership and consultation.

We consider achieving the right organisational culture, for the project's success lies in managers planning, designing, implementing and supporting the change process to effect a culture shift. Employees will require a new understanding about roles and expected work output based on increased

levels of trust between manager and staff member. One measure of success could be a positive movement in sickness levels with greater flexibility of working arrangements.

The Committee feels strongly that successful smarter working poses complex leadership challenges. Appropriate levels of contact with work colleagues and managers will be an essential element of the agile working framework. We urge that senior managers listen carefully to staff in setting up this new initiative and that employees must feel they have the option of speaking up if new arrangements are not working for them.

The Committee acknowledges that technology is central to the success of this project and would expect the provision of new technology and training in its use to precede the start of the agile working project. As work continues on mapping out appropriate touch down points it is important that employees have a range of locations where they can complete certain tasks, meet face to face with colleagues and create and consolidate social networks. There is an opportunity for the development of a staff app in relation to the daily availability of space at touch down points, and we were pleased that a conversation was ongoing with our Public Service Board partners with a view to sharing touch down points. We encouraged the inclusion of third sector partners in these conversations.

In two to three years' time we will be looking for evidence of payback for the introduction of agile working with fewer buildings to maintain. Finally there appeared to be limited learning from organisations who had experience of introducing smarter working and we felt that there are opportunities to engage widely in such benchmarking and learning before practical steps for agile working are finalised.

We heard that the Smarter Working project was about employee choice and an employee engagement strategy would address all possible concerns. There is to be a baseline analysis of sickness and follow up exercises for each service area to sustain positive impact on the figures, and the committee's

suggestion of including third sector partners in touch down point conversations was welcomed.

### **Budget Consultation 2019-20**

October 2019

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The Committee continues to seek effective engagement with the Council's approach to Budget Consultation, which has long failed to be impactful due to its very late involvement. In October we relayed to the Cabinet that we supported an earlier and fresh approach to consultation. The plan to undertake a mid-point review of the budget preparatory work could inform future consultation and was considered a useful starting point in improving scrutiny of the budget. We endorsed improvements for 2019-20 that recognised the importance and value of a qualitative response to budget proposals alongside the quantitative response. It is important to define both demographic groups *and* sub-demographic groups, to ensure that all groups are accessed, for example the homeless and other underrepresented groups.

Importantly, we stressed that Members should have an opportunity to add their voices at an earlier stage to the development and pre-publication testing of the consultation document before requesting engagement with the Committee on final draft budget proposals. The lateness of the financial settlement for 2020-21 from Welsh Government was cited as presenting difficulties in achieving this. Whilst officers circulated online the draft pre-published consultation to be considered by the Cabinet for scrutiny comment, in reality it has not been possible to fully scrutinise the published consultation as the Committee's December meeting was cancelled due to a General Election. The Committee will seek to secure improved scrutiny engagement with draft budget proposals for consultation as part of its forthcoming work programme.

### **Corporate Planning 2020-23**

January 2020

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In January 2020 the Committee was afforded oversight of refreshed planning and performance arrangements for 2020 onwards. At the mid-point of its administration, Cabinet reviewed and refreshed its Capital Ambition policy

commitments for translation into the 2020-23 Corporate Plan. The proposal was to introduce a new corporate planning and performance framework based on forthcoming legislative requirements. We were advised there would be fewer, more meaningful, reports and an aspiration to introduce mechanisms that would shorten the time between the collection and reporting of data.

A further commitment was made to strengthen the points of influence for Scrutiny in the corporate planning and performance process. The Committee continues to develop its role in assessing and developing the performance framework, engaging closely with the Head of Performance and Partnerships.

The Committee felt strongly that openness in presenting corporate performance progress was important. Routine performance reports should cite both successes and failures, and the introduction to the Corporate Plan could highlight failures to achieve as well as perceived successes. Such honesty gives the organisation credibility, particularly when there are action plans to show where improvements are being addressed. The Chief Executive accepted these points as a positive challenge acknowledging that the Council's end of year performance assessment would benefit from agreement on performance shortcomings across the Council's committees, panels and boards. The Committee felt more openness about successes and failures would enable scrutiny to test the robustness and accuracy of the corporate planning and performance management process, stating that its aim will always be to facilitate continuous improvement of Council's policies and its performance. No organisation can report only positives if its performance reporting process is to be taken seriously.

The Committee urged that the Council's performance review systems enable clear individual accountability for the delivery of targeted savings and that the overspending of any part of a directorate's budget is considered a red risk. We consider the management and prevention of overspends remain an unresolved challenge and that both senior management and the Cabinet must ensure that there are consequences for those who are accountable for missed targets.

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The Committee has been contacted by a number of Councillors, both Cabinet and non-executive Members, requesting that it look into how the Council deals with the procurement and management of large contracts, specifically where an existing contractor opts out or is encouraged out of a key existing contract such as housing maintenance. The Chair liaised with the Head of Procurement and subsequently the Committee conducted policy development scrutiny of the Procurement Strategy 2020-23, as set out in the Corporate Plan. Following the scrutiny our three main concerns centred on monitoring the level of spend, contract management, and community benefits.

Given the scale of the Council's annual external procurement spend (£435m) Members focussed on how effectively the Council is monitoring spend, particularly highlighting agency spend. The Committee recommended that Cabinet undertakes an in-depth analysis of the Council's £15.5m per annum agency spend, the sources of agency demand, and justification for the value for money it offers against other employment options.

Central to the Committee's concerns is the quality of contract management across the Council, particularly a directorate's capacity and skills to manage contracts effectively. We established that senior management recognise that contract management is currently inconsistent across the Council, and we strongly support the need for effective performance management of contracts to be built in up front with clear management accountabilities. This is likely to involve a reassessment of the roles and responsibilities of those involved with contract management as well as their individual skill sets. Collaborative working between directorates and the procurement function is important from the very start of the contract planning process. The Committee recommended that Cabinet develops a specific and detailed contract management strategy for the Council, recognising that contract management skills, clear roles and capacity are of vital importance. We have requested that Cabinet return to

committee within a six month period to present the strategy and enable full scrutiny of its content.

The Committee established that the concept of community benefit from procurement can include areas such as the living wage, social value, ethical employment, training and development, use of local suppliers, and tackling modern slavery. We also established that its evaluation is taken into account at pre-qualification stage, and that currently a minimum of 10% of the tender evaluation of a bid for Council work is based on assessing core community benefits and social value. We consider it worthwhile to re-evaluate the weighting of a contractor paying the living wage and the impact that makes on the contract.

**Partnership Scrutiny** - *Where the Committee has performed the statutory role introduced by the Well-being of Future Generations Act (Wales) 2015 and conferred upon it by Council*

**Cardiff Public Services Board Scrutiny**

July 2020

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The Well-being of Future Generations (Wales) Act 2015 (WFG) conferred upon the Council and its partners a duty to ensure that the governance arrangements in public bodies for improving the well-being of Wales take into account the needs of future generations. Each local authority area in Wales now has a statutory Public Services Board (PSB), the core members of which include the Local Authority; the Local Health Board; the Welsh Fire and Rescue Authority; and Natural Resources Wales. It also conferred a statutory remit for Scrutiny to review decisions made or actions taken by the PSB and to review its governance arrangements.

The Council's Constitution confers the statutory responsibility for upholding the requirements of the Act upon the Policy Review and Performance Scrutiny Committee for scrutiny of the Cardiff Public Services Board (CPSB). This year the CPSB published its first Annual Report 2018-19 against the Cardiff Well-



Being Plan 2018-2023 and to present it, in July, the Committee heard from its Chair, the Leader of the Council, and Deputy Chair, the Chair of Cardiff & Vale Health Board.

Welcoming the positive performance position described for 2018-19, the Committee made a number of observations in a letter to the Board. We were encouraged by the CPSB's overarching view that all parties were stronger by working collaboratively with partners, that its key goal is to tackle some of the big challenges, and the expectation that the work of the Regional Partnership Board will progress life chances within the city, particularly those of vulnerable children, families and older people. Members heard that a significant number of projects and plans would require prioritising, monitoring and funding; that the effective integration of services including transport and the Next bike scheme were making an impact by getting more people active and supported the aim to improve air quality across the city. We also heard that the Get Me Home Plus service, engaging with patients in hospital to assist in transition between hospital and home care, is expected to make a significant difference.

In respect of collaborative asset management the Committee heard that an asset management survey was underway and partners' property specialists were working collaboratively on potential projects. Notably, the Heath Hospital will undergo significant new development work and options for a comprehensive hub involving a range of partners were being considered.

Members repeated their interest in Brexit preparations and were assured that a number of shared issues including supply chains, contracts and staffing issues across South East Wales were part of multiagency contingency plans underway to co-ordinate the City's response to risks from Brexit.

The Committee's key concern was an absence of city level targets that would in future enable it to measure the outcomes of the work of the CPSB. In his letter of response the Chair pointed to the advice of the Public Policy Institute for Wales that "*no single organisation can deliver a well-being outcome...and*

*it makes no sense to set targets for well-being objectives”, advice. However he is assured of collective ownership of the Well-being objectives and the CPSB will be publishing performance against the 50 Well-being Plan outcome indicators as set out in ‘Cardiff in 2019’ online. The Committee looks forward to examining that data.*

Members noted for future reference that many challenges lie ahead building on preventative work, for example in relation to Looked after Children, and improving the environment with a reduction of Nitrogen Dioxide (NO<sub>2</sub>) levels in city centre. Other challenges include homelessness, substance misuse and knife crime.

**Joint Scrutiny** - *Where the Committee has joined together with one or more scrutiny committee(s) to examine a topic of a cross-cutting nature to enable collective consideration of the issues.*

#### **Corporate Planning – Cross Committee Target Setting**

January 2020

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The Committee’s Performance Panel has continued to consolidate the benefit of cross committee interaction with Corporate Plan target setting at a policy development stage of the decision-making cycle. In January the PRAP Panel hosted an informal joint scrutiny including the Chairs of all five Scrutiny Committees. A valuable session ensured effective policy development scrutiny and secured potential impact for all five scrutiny committees within the Corporate Planning process.

The progressive interaction of corporate policy development and scrutiny, as illustrated by these informal engagement sessions, is facilitated by active collaboration by the Leader and cabinet. Such collaboration over the past three years has demonstrated the valuable impact that effective cross committee scrutiny can have on the Corporate Plan, the Council’s highest level strategic document.

The 2020-21 session considered the steps, measures and proposed targets set by the cabinet to achieve the Council's priorities. This provided an opportunity to feed cross committee scrutiny observations into the final draft Corporate Plan 2020-23 before it was presented to formal Cabinet. The final draft, influenced by scrutiny, then formed a part of budget scrutiny papers in February, when all Committees were able to test the budget proposals against cabinet's stated Capital Ambition priorities. At those budget scrutiny meetings Members were once again able to ensure that any changes to the detail of the Corporate Plan, made as a consequence of discussion with scrutiny chairs, were captured and thereby had a strong validating impact of the value of the scrutiny panel process for the Corporate Plan.

Constructive opportunities for scrutiny engagement are not taken for granted. The Committee continues to seek a greater insight and involvement in the Council's performance framework and, with this in mind, discussions have commenced with a view to extending the work of the PRAP Performance Panel further. The Panel has been offered an additional informal mid-year session in late November/early December to review performance against Corporate Plan targets. This session will be used to assess current achievement of the 2020-21 Plan's aims and an early opportunity to engage in 2021-22 Corporate Plan target setting.

#### **Waste Management – Informal Briefing**

November 2019

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As part of its 2019-20 work programming discussions the Committee agreed to take a closer look at Waste Management matters appropriate to its terms of reference. Areas of interest outlined included waste collection productivity, overall departmental efficiency, absence and sickness rates and efforts to improve them, benchmarking with other LAs, work and new systems under development which aim to improve performance as well as progress in addressing challenges within the workforce culture.

As the Waste Management service falls within the Environmental Scrutiny Committee's terms of reference the chairs of both committees agreed to a

joint informal Member briefing/position statement. In November 2019 the two scrutiny committees received a presentation that focussed on Performance, Challenges and Opportunities. A performance overview covered recycling, budgetary, trade waste, sickness absence and audit inspections. Challenges were outlined as delivering improved recycling performance, workforce culture, management structures, bank holiday working, agency worker employment and health and safety improvements. Opportunities were outlined as improved business intelligence that enables data led decision making, and using the opportunity for utilising data to triangulate performance, customer intelligence and budget to inform decisions.

The Committee subsequently focussed on Waste Management sickness absence performance in January 2020, and maintains its interest in other challenges along with the outcome of an ongoing Wales Audit Office inquiry.

**Call-ins** - *Where the Committee considers a request made by a non-executive Member to review a recent Cabinet decision on a specific subject within the Committees Terms of Reference that has implications for the Council and the City.*

#### **Cardiff Bus Loan**

June 2019

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In June 2019 the Committee was asked to consider a call-in of Cabinet's decision to grant a loan to Cardiff Bus from the Council for £2.0 million, for the purchase of electric vehicles. Delegated authority was sought to prepare and conclude legal agreements for the Corporate Director Resources in consultation with the Director of Governance & Legal Services and the Cabinet Member for Finance, Modernisation and Performance. A non-executive Councillor had exercised the right of call-in as set out in the Council's Constitution, on the grounds of concerns about the security the Council would be seeking in making the loan, and the importance of scrutiny and questioning around such security in taking the decision.

Following the scrutiny the Committee agreed not to refer the decision back to Cabinet. It was resolved that the Councillor be kept updated in relation to the

loan going forward. The Committee noted the comments of the Councillor and took no further action, however the Cabinet Member and Director of Resources agreed to update the Committee on the position early in 2020.

**Briefings post Cabinet** - *Where timescales have not allowed for pre-decision or policy development scrutiny, and to ensure the Committee is kept informed of developments, proposals or progress.*

**BREXIT**

September 2019

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The Committee requested a briefing on the Council's preparations for Brexit following which Members were assured that the Council had clearly done its best to prepare.

It was noted that a risk register had been prepared to address the possible shortage/loss of key supplies in addition to a communication plan aligned with PSB partners via the Local Resilience Forum; an extensive gold and silver emergency planning rota and the community cohesion team's involvement of the third sector in a co-ordinated approach to spreading the message on applying to the EU settlement scheme.

The Committee noted the difficulty projecting the long term impact of Brexit on the labour market, particularly for the Council in sustaining services such as social services. We also raised concerns about the budgetary impact of Brexit on the Council, and indeed how much the Council had spent preparing for Brexit. The Committee heard that the Council plans to carry out an exercise post-Brexit to evaluate the preparation costs, whether preparations were adequate and valid, and we will be interested to hear the outcome.

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In January the Committee was briefed on the implications of the forthcoming Local Government and Elections (Wales) Bill for the Council. We sought clarity as to how the Council responded to the Welsh Government call for evidence at Stage 1 consultation, and the mechanisms it would use to feed comments into consideration of the Bill progressing through the Assembly.

The Bill makes provision for Corporate Joint Committees (CJC) and Members echoed the Leader's concern that the voting structure within such a body, one vote for one Council irrespective of the number of residents, would not offer a representative or proportionate approach to decision making. The Committee urged that Cardiff Council's view be clearly placed on record as the Bill is considered by various Assembly Committees. Members received assurance from the Leader of ongoing representation to the Minister for Housing & Local Government in respect of CJC's via the Welsh Local Government Association Partnership Council sub-group, and in evidence given to the Equality, Local Government and Communities Committee in respect of voting.

Members also expressed concern about the Bill's proposal to require webcasting of all public Council meetings, given the potential cost implications for the Council and the paucity of viewers for some meetings. The Committee considered there may have been an over estimation of public interest in Council and committee business. In his response the Leader assured Members that the Minister has confirmed to the Assembly's Finance Committee that she expects to produce guidance that is pragmatic and practical as to what the Welsh Government means by 'all meetings'.

The Bill has a Performance and Governance element which proposes taking self-assessment and peer review to another level. Members noted that this implies that the next Council Administration will take part in a peer review during its term, and concurred that such a review would need to be rigorous, and as such should not be confined to Welsh insight and expertise but include peer reviewers from further afield who can offer fresh insights.

## Future Work Programming Opportunities 2020-21

Topics commended to the Committee of 2020-21 for consideration in its work planning include:

- The 5 key challenges identified during scrutiny of the WAO Annual Improvement Report – Looked after children; waste management; sickness absence; corporate landlord; and financial pressures.
  - Cabinet response to the Impact of Scrutiny inquiry report
  - Overview/ governance of the Capital Ambition Delivery Programme
  - Planning & Performance framework – including peer review as introduced by the Local Government & Elections (Wales) Bill
  - Customer leadership and culture – action plan
  - Digital strategy – Chatbot demonstration
  - Draft budget consultation proposals
  - Procurement strategy 2020-23
  - Performance Panel mid-year review of Corporate Plan targets
  - Waste management challenges and outcome of WAO inquiry
  - Cardiff Bus – update
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# Audit Committee Annual Report 2019/20

Cardiff Council



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together

# Contents

	<b>Page</b>
<b>1.</b> Foreword by David Hugh Thomas, Chairperson of the Committee	1
<b>2.</b> The Role of the Audit Committee	4
<b>3.</b> Our Work in 2019/20	7
- Standard Items	7
- One-off Items	11
<b>4.</b> Audit Committee Self-Assessment	15
<b>5.</b> Key Observations 2019/20	17
<b>6.</b> Opinion of the Audit Committee 2019/20	18
<b>7.</b> Looking Ahead to 2020/21	19
<b>8.</b> Audit Committee Membership 2019/20	20
<b>9.</b> Attendance in 2019/20	20
<b>10.</b> Audit Committee Contacts	21
<b>Annex Information</b>	
<b>Annex 1</b> - Audit Committee's Self-Assessment - Action Plan	22
<b>Annex 2</b> - Audit Committee Assessments	23
<b>Annex 3</b> - Audit Committee Member Profiles	28

## **1. Foreword by David Hugh Thomas (Chairperson of the Committee)**

Writing in such unprecedented times, my immediate thoughts are of the human impact of the current pandemic, which has had so significantly affected every one of us. COVID-19 provides substantial challenges to all parts of the Council, and the communities it serves, and we as an Audit Committee will be seeking assurance on the Council's management of the range of financial, economic and social risks as we move in the 2020/21 municipal year.

This report provides an overview of the Audit Committee's work in the municipal year 2019/20, in which we observed business as usual activities for much of the year, prior to the government lockdown arrangements, and the instigation of emergency operational measures and focus. Whilst our final meeting on 24 March 2020 was cancelled, it was ensured that we communicated on time sensitive matters outside of our formal meeting. As a Committee, we will need to continue to be adaptable and resilient in the way that we operate, as will the rest of the Council for the year ahead.

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 effective way in our four meetings this year with a strong sense of teamwork. It is encouraging to report that meetings have been generally well attended, as have many wider training and information events, given how busy Members are in fulfilling other roles and responsibilities.

I am the current Chairperson of the Audit Committee, having been appointed to this role in our Audit Committee meeting in January 2020, with Gavin McArthur appointed as Deputy Chairperson for the remainder of this municipal year. Gavin has been a valuable Audit Committee lay Member since he joined over three years ago, and I look forward to working with him in our new roles.

I have occupied the position of the Deputy Chairperson for five years in support of Ian Arundale, who, over this time has led the Audit Committee to deliver its role, giving considerable time, attention and focus through his valued services. Ian has been committed to providing public services throughout his career, and at this time Ian's skills and experience are required in the Police. Ian with the Council and Committee's blessing has a leave of absence from the Audit Committee for up to one year commencing 28 November 2019, to occupy the position of Deputy Chief Constable in Cleveland Police. Ian remains fully committed to his Audit Committee role, and plans to re-join the Committee, once this important work with the Police has been delivered.

We have seen some membership changes during the course of the year, and at the time of writing, the Audit Committee has one vacant Labour seat. Councillor Phil Bale and Councillor Susan Goddard stood down as Members of the Audit Committee in September and October 2019 respectively. I must express my gratitude to our departing Members for their commitment and the value they brought to the Committee during their periods of membership. We have also welcomed Councillor Ashley Lister and Councillor Rod McKerlich, who each attended their first Audit Committee meeting in September 2019. We have already felt the benefits of their contributions and active participation in Committee meetings. Most recently, Councillor Elaine Simmons has joined the Audit Committee, who we look forward to working with in the forthcoming municipal year.

Member profiles are contained within an Annex to this report, which provides background information on the particular responsibilities of our non-executive Councillors, and the skills and experience of the Independent Lay Members serving on the Audit Committee.

Throughout the year, the Audit Committee has continued to receive highly valued professional support from Accountancy, External Audit (Audit Wales), Internal Audit, Risk Management and Treasury Management. In respect of Treasury Management, this year we have been comforted through receiving a complimentary independent assurance report from the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. An extract from the overall conclusion of the report and the management actions being taken forward are provided within Section 3.3.

We 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. To support any new Members of the Audit Committee, Induction training is provided prior to their first attendance at Audit Committee, and as a group, we have received a programme of training to support us to develop and effectively deliver our role.

The Committee has continued to receive systematic reports from members of the Senior Management Team (SMT), on their directorate control environments, comprising governance, risk management and internal control / assurance arrangements. This approach has provided a good opportunity for us to engage with members of SMT individually, and to seek relevant assurances in these areas. In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. Through this work we have provided challenge, sought assurance and raised recommendations in areas where we considered it appropriate.

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. We recognise the importance of our role to a range of stakeholders, and we 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 2019/20. We continue to promote awareness of our work through the publication of our Audit Committee Newsletter twice, and have done so since October 2018. We are committed to continuing to promote our message and communicate our work and, in so doing, supporting the Council's culture of accountability and assurance.

We have also taken the time to review our performance to give confidence to those relying on our work. In January 2020, we held a self-assessment workshop against the best practice CIPFA framework. The assessment was supplemented with use of individual assessments against the core areas of the CIPFA knowledge and skills framework, and reflection on the feedback we receive from those attending Committee meetings. All elements of our review and our action plan for improvement are appended to this report.

We established an all Wales Audit Committee Chairpersons' Network this year and held our inaugural event in October 2019, as part of an initiative to progress opportunities for shared learning and development with other Welsh local authorities. The event was sponsored by the WLGA, Audit Wales, and the Chartered Institute of Public Finance and Accountancy (CIPFA) all of whom delivered agenda items; further contributions were received from Welsh local authority Chairs and Heads of Audit. The event was well received, and whilst a second event was planned for the summer of 2020, this was delayed due to current restrictions on non-essential travel. The timescale for future networking will be determined in due course.

I refer to the Local Government and Elections (Wales) Bill within this annual report, which proposes to change the name of the Audit Committee to a Governance and Audit Committee, to widen our role to include particular matters of performance. During this year, the Audit Committee, having received reports from the Head of the Cabinet Office and from the Legal Services on the Bill's components and powers, also considered the WLGA consultation response, which had been agreed with local authorities. We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance. It will determine the timescale and approach to making future adjustments to our terms of reference.

Looking forward to 2020/21, the financial, economic and social challenges facing the Council and public services will undoubtedly be significant. In the context of a COVID-19 pandemic, a challenging financial environment is inevitable coupled with increasing demand for services and ever improving performance. Within this context, the importance of an effective Audit Committee remains critical.



## 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 Local Government and Elections (Wales) Bill.

The Terms of Reference of the Committee for 2019/20 was as follows:

### Statement of Purpose

- Our Audit Committee is a key component of Cardiff Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of our Audit Committee is to provide independent assurance to the members of Cardiff Council of the adequacy of the risk management framework and the internal control environment. It provides an independent review of Cardiff Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### Governance, Risk & Control

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider annual governance reports and assurances.
- 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 management and internal control.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.

- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Counter-fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

### Internal Audit

- To approve the Internal Audit Charter.
- To review proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the audit manager to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Manager. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit Manager on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
  - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
  - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Audit Manager's annual report:
  - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit
  - The opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
- To consider summaries of specific internal audit reports as requested.

- To receive reports outlining the action taken where the Audit Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- To provide free and unfettered access to the Audit Committee Chair for the Audit Manager, including the opportunity for a private meeting with the Committee.

#### 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.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspector agencies or relevant bodies.

#### 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, financial reporting arrangements and internal and external audit functions.
- To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- 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 sessions 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 2019/20**

The Audit Committee receives regular reports in relation to standard agenda themes and receives reports of interest based on risk, governance and internal control matters. Each aspect is reported on below.

## Standard Items

### **3.1 Finance**

Chris Lee (Corporate Director Resources (Section 151 Officer)) has provided financial updates at every meeting to provide Committee Members with an overview of the financial standing of the Council during a period of ongoing unprecedented financial pressure. Members have also received training on financial management and accounting to support our focus on the controls and processes in place to support effective budget management.

The Audit Committee has noted the challenges facing the Council in respect to its budget strategy for both the year hence and the medium term.

The Committee has received, reviewed and had the opportunity to comment on key finance reports in 2019/20, including:

- Draft Statement of Accounts 2018/19 and Audit Report
- Draft Annual Governance Statement 2018/19
- Cardiff & Vale of Glamorgan Pension Fund Statement of Accounts 2018/19 and Audit Report
- Treasury Management reports, independent review, and updates
- Financial Resilience updates

As reported in previous years, the Audit Committee has continued to express concern about significant overspends and unrealised savings targets in the Social Services Directorate. The Director of Social Services attended Committee in January 2019, to provide an update on the challenges facing the directorate as well as providing a full overview of the assurance control environment.

The Committee was advised that the Directorate is taking action to manage its overreliance on agency workers, and implementing strategies to meet an increased demand for Children's Services through the most cost-effective means. Senior managers have subsequently provided for the information of the Committee, a breakdown of Social Services overspends for the last three years and their reasons.

## 3.2 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), Audit Wales, the Audit Manager, Risk Management Team and other officers of the Council.

The Audit Committee plays a key role in contributing to and challenging the contents to be included in the Annual Governance Statement (AGS). The AGS is an important governance disclosure document and accompanies the Statement of Accounts.

The Audit Committee reviewed the AGS 2018/19 in June 2019 and September 2019. The Audit Committee will review the AGS 2019/20 following the financial year-end, 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:

Committee Meeting Date	Item Reviewed
June 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q4 Update) 2018/19</li><li>Senior Management Statement Review Year End 2018/19</li></ul>
September 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q1 Update) 2019/20</li></ul>
November 2019	<ul style="list-style-type: none"><li>Corporate Risk Management (Q2 Update) 2019/20</li></ul>
January 2020	<ul style="list-style-type: none"><li>Senior Management Assurance Statement Mid-Year Responses 2019/20</li></ul>

We considered the Draft Code of Corporate Governance Code prior to its approval and incorporation into the Council's Constitution in March 2019. Within the Code, the Senior Management Assurance Statement (SMAS) process is a core mechanism for senior management self-review and open disclosure. We welcome the ongoing development of the SMAS process in line with the Code to provide a wider level of independent challenge from various Council disciplines, and strengthen the assurance provided.

We have continued to review the Senior Management Assurance Statements from the Senior Management Team twice a year and we have also probed members of SMT and sought further assurance through the reports we have received from them individually on their directorate control environments throughout the year.

We originally considered and informed the development of the Council's Risk Management Strategy and Policy, prior to Cabinet approval in July 2018, and we have received quarterly risk management updates from lead officers throughout the year. We have also invited risk and process owners to attend Committee meetings, to complete more focussed reviews on areas of risk and governance, with a focus on the controls in place and planned management actions. Further information on our risk reviews is included in section 3.7 'areas of particular focus'.

## 3.3 Treasury Management

The Audit Committee seeks assurance that the Council has complied with the Treasury Management Strategy and Practices, and has demonstrated effective risk and performance management.

Over the past twelve months, the Committee has received reports on the Treasury Management Annual Report, Mid-Year Report 2019/20 and the Treasury Management Strategy 2020/21.

Through the treasury management reports and updates in each Committee meeting, Members have taken the opportunity to scrutinise and challenge the approach adopted and decisions taken. This is a complex area, through which the Committee has delivered its role through probing and scrutinising strategies, reports and data provided.

Members have continued to focus attention on the use of reserves, the levels of borrowing and investment, and the management of risk. To support the Audit Committee in its role, Members of the Audit Committee were provided with treasury management training in January 2020 from the Council's external treasury advisors.

The Committee has received a briefing paper, which detailed the focus of the work and assurances provided by our Internal and External Audit Teams. We have also received a further report of an external review carried out by the Council's treasury management advisors, which considered the corporate team's skills, compliance with best practice, required regulations and professional guidance. The report was complimentary, and we received a management response with target dates for the small number of actions raised. An extract from the report's conclusion is as follows.

*"The overall conclusion from the examination of how treasury management is done in Cardiff Council, is that it is being done to **a high standard within the limitations of the current level of resourcing of the treasury management team**. Indeed, it was found that in some areas, the performance was outstanding and could serve as a best practice model for other local authorities to replicate. My personal reflection on treasury management at Cardiff Council is that the standard of treasury management in Cardiff is definitively in the upper quartile of CEDR reviews I have carried out previously on other local authorities" (Link Asset Services, 2019)*

An associated action plan contained management commitments to consider the option of a 10-year Capital Strategy that would support the Treasury Management Strategy, to review the activities that might fall under consumer credit in respect of FCA Regulations on consumer credit, and to conclude an ongoing review and update of the Council's policy on anti-money laundering.

### **3.4 External Audit (Audit Wales)**

The Committee places reliance on the work of Audit Wales as the Council's external auditors. The Committee has received key documents throughout the year:

- Audit Activity / Progress Updates
- Audit of Financial Statements Report – Cardiff & Vale of Glamorgan Pension Fund 2018/19.
- Annual Improvement Report

The Audit Committee has received regular updates from Audit Wales, led by Ann-Marie Harkin (Engagement / Financial Audit Director), Phil Pugh (Financial Audit Manager) and Sara-Jane Byrne (Performance Audit Manager). In addition to Cardiff specific studies, Audit Committee Members receive a number of other national and regional study updates from Audit Wales in each meeting, with the key findings and messages communicated.

In November 2019, Audit Wales provided an outline of the findings of its report, Well-Being of Future Generations: An Examination of 'Develop and Launch a New Transport and Clean Air Vision for the City'. This was the first publication during the year of a series of Wellbeing of Future

Generations studies. The report recognised that the Council incorporated the sustainable development principle in its approach, and advised that the Council now needs to embed a consistent understanding and application of the principle and five ways of working in its endeavours to improve outcomes for its citizens. Members were advised that the expectations for maturity would increase in future audits. The Audit Committee considers Future Generations assurance as part of Senior Management Assurance Statement agenda items.

The Audit Manager receives notifications of relevant Audit Wales publications, which are discussed where relevant to the Audit Committee's terms of reference with the Audit Committee Chairperson, and circulated as appropriate to the wider Committee.

### **3.5 Internal Audit**

The Committee continues to place reliance on the work of the Council's in-house Internal Audit Team. It receives a progress report from the Audit Manager in each Committee meeting, which includes audit opinions, critical findings and progress against the audit plan, together with wider performance measures and audit recommendation tracking information. Members have also received training on internal audit this year, aligned to the CIPFA knowledge and skills framework for Audit Committees.

The Audit Manager provides a functional reporting role to the Audit Committee and an administrative reporting role to the Head of Finance (Deputy Section 151 Officer). The Committee has been assured that throughout the year that there have been no impairments to Internal Audit independence or objectivity in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Audit Committee approved the Internal Audit Charter and the Internal Audit Plan in April 2019, and monitored progress and considered any risk-based changes to the plan throughout the year. In January 2020, the Committee considered the Summary Audit Plan and Charter for 2020/21, which was scheduled for approval on 24 March 2020. However, the March Committee meeting was subsequently cancelled due to the COVID-19 crisis.

A two-week Audit Committee consultation process on the final draft Charter and Plan 2020/21 was held outside of the usual meeting environment, in the absence of a Committee meeting in March 2020. At the conclusion of the consultation process, once all comments had been considered, responded to and accounted for, the final iterations of both the Audit Charter and Audit Plan 2020/21 were discussed with, and accepted by, the Audit Committee Chairperson. The final documents were shared with all Audit Committee Members, and endorsed by the Chief Executive on behalf of SMT, ahead of formal approval, to take place in the first Audit Committee meeting of 2020/21.

The Committee received the following key documents during the year:

- Internal Audit and Investigation Team Progress Reports
- Internal Audit Recommendation Tracker
- Internal Audit and Investigation Team Annual Reports
- Changes to key documents and Internal Audit and Investigation Team action plan updates.

The Audit Plan 2019/20 included audits of a thematic nature to gain assurance in each directorate across the Council. The themed audits substantially completed during the year were Health and Safety and Asset Management, in addition to a suite of value for money audits. Two further thematic audits were completed across schools, in respect of ICT Governance and Counter-Fraud.

An overview of all issued audit reports has been provided to the Audit Committee, with emphasis given to recommendations allocated a priority rating of Red or Red / Amber. The Audit Committee receives and has an opportunity to monitor all audit recommendations and the associated management response and updates to the point of implementation.

The number of audit recommendations implemented within agreed timescales requires improvement, with performance at 60% against a target of 90%. It is essential that audit clients prioritise delivering audit recommendations within the timescales they agree to, and to support this sentiment, we wrote to a small number of directors who had particularly overdue recommendations in their portfolio during the year. At the year-end position, we recognise that management will have to attend to immediate priorities, which is expected to have a further impact on the delivery of audit recommendations. However, it is important that the control environment is maintained, and we will continue to consider performance in this area in 2020/21.

Internal Audit is subject to an external review every five years in order to report conformance with the Public Sector Internal Audit Standards (PSIAS). The Audit Manager of Rhondda Cynon Taf Council carried out this review during 2017/18, and provided assurance that the Internal Audit function conformed to the standards. The Audit Committee has received ongoing internal assurance through performance reports in each Committee meeting this year from the Audit Manager that the Internal Audit Service is operating in conformance with the PSIAS.

The Committee will receive a full year overview of audit work completed, and key messages, when the Internal Audit Annual Report is presented in the first Audit Committee Meeting of 2020/21. This report will provide the Audit Manager's opinion on the Council's overall position in relation to risk, governance and internal control and an annual review and assurance statement on conformance with the PSIAS.

### **One-off Items**

The Audit Committee has routinely engaged with senior officers through its programme of work this year for assurance on the control environment for their respective areas of oversight. We have also considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review.

### **3.6 Control Environment Reviews**

The Chief Executive attended an Audit Committee meeting in April 2019, to provide an outline of, and assurance on, the Council's overall governance, risk management and internal control. The Committee has continued to recognise the challenging financial environment facing the authority, and he has emphasised the importance of the role of the Section 151 Officer, and the SMT in making the interventions necessary to effectively manage Council finances. The Chief Executive has provided the Committee with assurance over the frameworks for measuring and managing governance and risk in the Council. We needed to postpone our intended meeting with the Chief Executive in March 2020, and we will consider the most appropriate means to engage with and receive Chief Executive assurance in 2020/21.

Both Corporate Directors and two further Directors attended Audit Committee in 2019/20 to provide an overview of their directorate control environments. We were provided with details of directorate governance, risk management and internal control, and the prominent matters discussed and actions agreed were as follows:

## Directorate Control Environment Reviews 2019/20

### 1. Economic Development

A Statutory Building Equipment Maintenance risk is monitored through the corporate risk register, and the director provided an account of the mitigating actions in place.

During the Committee meeting, a number of Members raised health and safety matters upon which further discussions were subsequently held with lead officers for the necessary assurance. A more detailed presentation on health and safety governance was provided in a further Committee meeting as outlined in Section 3.7.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 2. Resources

Risks overseen by the directorate include those related to Finance, ICT, Health and Safety, Business Continuity, Workforce Planning and City Security (jointly owned with Planning, Transport & Environment). We were been appraised on the mitigations for each risk.

We have been advised that for the corporate risks of City Security, Business Continuity, Capital Ambition and Workforce Planning, whilst planned future actions will prevent an increase in risk levels, it is not considered possible for significant risk reductions at present.

The Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 3. Planning, Transport and Environment

Three significant risks overseen by the directorate are:

- Air Quality - Not meeting the statutory requirements set and having a continued detrimental impact on health for residents and visitors to Cardiff.
- Coastal Erosion - Breach of current defences resulting in widespread flooding.
- Climate Emergency - The need to both reduce our emissions and become more resilient to the likely impacts from climate change.

We have been advised of the mitigating actions for each risk, and have explored the coastal risk in greater detail, as outlined in section 3.7 of this report.

With the exception of one long-standing recommendation, the Directorate reported a good response to audit recommendations, with all recommendations raised reported as on track for delivery.

### 4. People and Communities (Excluding Social Services)

#### Housing and Communities, Performance and Partnerships and Housing Development

Managing the impact of Welfare Reform on Cardiff citizens remains the biggest risk, in respect of housing services. Management feel they are not able to further reduce the risk in the short-term, given the external factors involved.

The response to a corporate risk on performance management is also co-ordinated by the corporate team overseen by the Corporate Director.

When we met the Corporate Director, all internal audit recommendations were reported as on track for delivery for the Directorate.

#### Street Scene

Street Scene has a risk on the Corporate Risk Register for Waste Management and the potential failure to deliver cost effective compliance with waste legislation, including statutory recycling targets. The current risk is high and the target is to reduce that through an improvement strategy.

Internal Audits of areas within Street Scene have in, recent years, provided a lower level of assurance compared to other areas of the Council. The Corporate Director has been focussing on the need to improve internal control practices within areas of the service since taking over responsibility for Street Scene in 2019/20. We will be keeping a close eye on the audit opinions provided in future internal audit work, and the management response to recommendations raised.

### **3.7 Areas of Particular Focus**

In addition to our standard areas of work, the Audit Committee has considered certain risks, matters of policy and governance this year as part of particular agenda items to provide a more focussed review. A brief account of our reviews of these areas is included below.

#### **Education and Lifelong Learning Assurance**

The Director of Education attended Audit Committee in September 2019 to report on School Governance and Financial Deficits. Members were advised that there were 44 schools with balances in excess of the Welsh Government's recommended threshold, for which the respective Chair of Governors would be asked to provide justification and a description of the planned use for the balance in 2019/20. Members were also advised that there were 12 schools carrying forward a deficit balance into 2019/20, for which each school has a medium term financial plan in place showing how it will reduce its deficit, and a monitoring officer to support the governing body.

The Director advised Members that too many schools are being assessed as less than satisfactory through internal audit reports, and the powers of intervention will be applied when warranted for schools with poor financial management and poor governance. Members were also advised that guidance for Governing Body clerks would be strengthened to support compliance in areas of governance.

The Audit Committee has continued to raise concerns about governance and compliance matters in schools, which are regularly responsible for a greater proportion of audit reports giving concern. Whilst at the time of writing we are in the midst of school closures, going forward we will continue to require regular updates from the Director of Education and Lifelong Learning on school governance, their respective financial positions, and the control environment of the wider directorate.

#### **Waste Management Assurance**

There have been concerns about the robustness of controls in relation to the Waste Management function. A series of investigations into allegations of fraud, have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once matters have concluded within the Waste Management Service, Audit Committee has requested to consider the terms of reference for post investigation reviews to ensure lessons are learned.

The Audit Committee has met with the Corporate Director, People and Communities this year, who has taken responsibility for the Street Scene portfolio (inclusive of Waste Management). We were provided with a Senior Management Assurance Statement, which recognised a number of areas of targeted focus, to improve matters of performance, governance and control.

This year, there has been a continued audit focus on Waste Management, through which two unsatisfactory audit opinions have been provided. We have been advised that management has continued to be open with the Internal Audit Team on the areas where they have the greatest need for assurance, advice and support. Whilst the Committee welcomes this open exchange of information, the Committee will continue to maintain a close eye on the delivery of improvements required.

## **Coastal Flood Risk Management**

This year the Audit Committee has continued to review the management of the coastal erosion risk management programme to mitigate the flood risk from the coastline along Rover Way, as currently defended through a combination of materials and techniques and included on the corporate risk register.

In January 2019, the Director of Planning, Transport and Environment attended an Audit Committee meeting to provide information on this flood defence scheme, to be delivered in partnership with the Welsh Government for planned construction by 2024. The Committee was assured that a flood event prior to completion of the defences is not anticipated, but that in such an event a multi-agency response could be invoked.

In this meeting, the Committee recommended that management:

- Review the resilience of local incident management plans, and develop specific plans for a flood event arising from the coastal erosion corporate risk;
- Develop an engagement strategy to communicate to those most at risk;
- Report progress to a future Audit Committee meeting.

We have received updates from the Director of Planning Transport and Environment over the last twelve months since we registered a particular interest in the management of this risk, and the Director attended a further Committee meeting in January 2020. Over this period, we have received information on the nature and progress of the flood defence programme. We have also received information on public engagement events held to provide information to those residents in a high-risk area.

In the January 2020 meeting, Members noted that management retained the approach to make use of national incident management arrangements, rather than the development of local incident management plans. Audit Committee will continue to consider and review the management of this risk in 2020/21.

## **Health and Safety Governance**

The Audit Committee has a particular interest in health and safety governance, recognising that a general risk of Health and Safety and a more focussed risk of Statutory Building Equipment Maintenance are included on the corporate risk register.

In January 2020, we received an overview of health and safety governance from the corporate Operational Manager. Ahead of the meeting, a number of Committee members took the opportunity to discuss particular health and safety matters in certain schools, at which time they were provided with details of corporate and school responsibilities, and the regime for reviewing arrangements in place. During the Committee meeting, Members of the Committee raised questions and received information in respect of health and safety arrangements, responsibilities and levels of compliance. We will continue to monitor this risk through the corporate risk register.

## **Risk Based Verification Policy – Housing and Council Tax Benefit Assessment**

In November 2019, Audit Committee considered a report on the proposed Risk Based Verification (RBV) Policy for Housing and Council Tax Benefit Assessments. Risk Based Verification is a method of



applying different levels of verification checks to claims according to the predicted risk associated with those claims. We were provided with an overview of the changes, and information on how the new system had been developed and tested through a project-based approach.

We commented on the draft policy having considered information from the Assistant Director of Housing and Communities, and a separate consultation briefing from Internal Audit. We were assured the Policy met DWP guidelines.

Whilst the Committee also received assurance that protected characteristics are not used for RBV purposes, the Assistant Director agreed to amend the Policy to include a requirement to monitor the impact of implementation, on those with protected characteristics.

## **Local Government and Elections (Wales) Bill**

We have an interest in the Local Government and Elections (Wales) Bill, as it would change the name of our Audit Committee to a Governance and Audit Committee, and it would widen our role to include particular matters of performance.

In January 2020, we received an overview of the full Bill, and we raised a range of comments. We have since received details of the Welsh Local Government Association's co-ordinated response to the Bill, which reinforced a number of the points we felt required further clarity. We have also received useful information from colleagues in Legal Services to support our understanding of the Bill, and the various powers it provides.

We will keep a keen eye on the Bill, scheduled for Royal Assent this summer, the subsequent implementation timetable and associated guidance.

## **4. Audit Committee Self-Assessment**

### **Context and approach**

In January 2020, the Audit Committee held a Self-Assessment Workshop, to review its performance against a best practice CIPFA framework. Following the process introduced in last years' assessment, Audit Committee Members were asked to undertake an Individual Assessment against the CIPFA core knowledge and skills areas in advance of the collective workshop. This enabled the results to be reflected upon when considering the overall assessment.

Since the previous self-assessment process in January 2019, training has been provided to Audit Committee Members in areas which were scored lower at that point in time, namely Treasury Management, Internal Audit and Financial Management and Accounting. The training was delivered largely via in-house lead officers for the various disciplines, with the exception of Treasury Management, for which training was delivered by the Council's external treasury advisors. A commitment has also been made to provide training on Counter-Fraud.

The Committee reflected on the following further sources of information, to inform and supplement the self-assessment workshop.

- Feedback from those attending Audit Committee meetings on the performance and the value they gained from their attendance. This insight informs our development of targeted actions and focus going forward.
- Anonymised responses to nine quantifiable risk management questions from the Heads of Audit in the 22 Welsh Local Authorities, for comparative information. In considering this information, Audit Committee was assured of the comparative maturity of the approach in Cardiff to receiving risk management assurance.
- Outputs from an 'Influential Audit Committee' peer-to-peer exercise at the All Wales Audit Committee Chairs' Network (from October 2019). The outputs comprised an identification by Local Authority Chairs and Heads of Audit, of the priority areas of focus to improve performance against the nine areas of influence contained within CIPFA best practice guidance.

## Self-Assessment

Individual Assessments were completed by seven of the nine Audit Committee Members in active service at the time.

From the Individual Assessments completed, whilst there was strong self-assessed performance in each core area, Counter-Fraud and Treasury Management represented the lowest self-assessed areas overall. The areas involving disciplines of a more technical continue to be scored comparatively lower for the Committee as a whole, although a proportion of individual Committee Members have self-assessed as at least strong for knowledge and application in each of the ten core areas.

In respect of the collective Self-Assessment Workshop held in January 2020, the results were as follows.

Through our review of good practice, Audit Committee self-assessed:

- Twenty two areas were assessed as 'fully in place'
- Three areas were assessed as 'partly in place'
- No areas, were assessed as 'not in place'

For the areas reported as 'partly in place', the Committee considered:

- We have reasonable awareness of our training needs, through Individual Assessments against the CIPFA Knowledge and Skills Framework, but acknowledge that with a partial completion rate (78%) the action should not be considered complete;
- Whilst actions / recommendations are raised as part of Committee meetings, and subsequently monitored, the Committee could more proactively review their status and consider follow on actions within Committee meetings;
- We have partly evaluated how we are adding value to the organisation. Whilst we receive feedback from senior officers following their meeting attendance, which includes a question on added value, this mechanism is relatively new, and the responses were considered for the first time in more detail in the January 2020 workshop.

For our review of Audit Committee effectiveness, we used a 5-point rating scale, ranging from 'no evidence' (point 1), to 'clear evidence' (point 5) of the work and support of Audit Committee to delivering improvement in a range of areas.

Of the nine areas reviewed:

- Two were assessed at point 5, with clear evidence from a number of sources that the Committee is actively supporting improvements;
- Six areas were assessed at point 4, with clear evidence from some sources of the effective support for improvements;
- One area was assessed at point 3, as having mixed experience and evidence of Audit Committee support.

The area scored as 'mixed' was in respect of support for robust arrangements for value for money. Members considered that we have probed for value for money assurance during certain Committee items, but this is an area for continued focus, which can be further supported by setting a clearer expectation for value for money details to be included in senior officer reports on their internal control environment. This will be communicated via the Audit Manager.

The components of the overall self-review were as follows. The outputs are included in **Annex 3**.

- a. Individual Assessments
- b. Collective workshop Results
- c. Feedback from those attending audit committee
- d. Action plan.

## 5. Key Observations 2019/20

The Audit Committee Work Programme has been developed and discharged with the support of Audit Wales, Internal Audit and other Council Officers, to deliver the Audit Committee terms of reference with a focus on the significant risks and challenges facing the Council.

The Committee has achieved an overview of the Council's priorities, risks and controls through the many items received through its Work Programme. The Committee has focussed on achieving assurance on the consistent approach across directorates to respond to the challenges of maintaining controls, displaying good governance and managing risks. Through engagement with senior officers, and receiving a range of management and independent assurances the Committee has gained a good understanding of the services provided and the challenges faced. We have responded proportionately with assurance and challenge, as appropriate, and documented within section 3 of this report, 'Our Work'.

In addition, the Committee has had the opportunity to challenge and discuss actions taken in response to External and Internal Audit Reports, and we have undertaken focussed reviews of particular risks, matters of policy and governance, through inviting senior officers to Committee meetings to provide detailed information and assurance. Through this information and engagement, we have identified the assurance and coverage required to deliver our role, from which our Annual Opinion for 2019/20 and areas of particular interest going forward are documented in the following section

## **6. Opinion of the Audit Committee for 2019/20**

Based on the evidence presented to the Audit Committee during 2019/20, it is the considered view of the Committee that the Council does have, for the most part, sound internal controls and governance arrangements in place. Strategic risks representing the true challenges facing the Council are well captured and reviewed on a regular basis. Examples of where the Committee continues to have concerns, which will be incorporated into the Committee's Work Programme for 2020/21, include:

### **6.1 Budget Management**

The Audit Committee recognises the sustained financial pressure that the Council is under and notes that whilst the overall financial position was balanced, some particular directorates had significant overspends, for which controls have been in need of improvement.

The Audit Committee continues to raise concerns about the controls in place within directorates to achieve budget savings proposals put forward, and will continue to reinforce expectations for delivery in the year to come.

Budget management is particularly pertinent at this time given the pressures facing local authorities as they respond to support the economic and social needs presented by the COVID-19 crisis. This unprecedented environment follows a number of years in which the financial parameters within which the Council operates have been constrained. The Committee will scrutinise carefully the management of the budget over the year to come through appropriate management controls and interventions, where required, and will continue to reinforce expectations for delivery given the significant financial pressures facing the Council.

### **6.2 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. At a time when many decisions have to be finance driven, it is essential that internal controls are not neglected or impaired, and that strong controls operate throughout reformed processes and systems.

The Audit Committee has invited senior officers to attend each Committee meeting this year, to account for their delivery of good governance, risk management and internal control. In addition, the Audit Committee has continued to receive the details of all Internal Audits completed, and the respective assurance ratings. This year we have observed isolated internal control gaps, and unsatisfactory audit opinions in respect of a particular school, a school traded service, and in areas of waste management. Whilst the number of unsatisfactory Internal Audit opinions remain low, management must maintain sound systems of internal control and promptly address identified weaknesses.

The Audit Committee is aware that allegations of fraud isolated within the Waste Management function have been investigated, the majority of associated disciplinary hearings have been completed in accordance with the Council's disciplinary policy, and Police liaison is ongoing. Once these matters have concluded, Audit Committee will seek assurance on the robustness of post investigation review.

The Committee receives a list of all Internal Audit recommendations raised and agreed, and visibility of updated management comments until the point of implementation. Whilst the Audit Committee has an overall assurance of internal control, we continue to require officers to account for services or functions where internal control weaknesses have been identified. We continue to challenge any impairment in stewardship and control of public funds and assets, seeking prompt and proportionate management actions. The Audit Committee has considered the Internal Audit Plan for 2020/21, and will closely monitor its progress and findings over the year ahead.

### **6.3 Financial Resilience (including Treasury Management)**

In a position of constrained finances, the Audit Committee will continue its consideration of the framework for financial decisions. The Audit Committee has received updates on financial resilience as part of the finance updates and has welcomed the independent assurance of the Council Treasury Management activities, by the Council's Treasury Management advisors.

The Audit Committee will continue to look to gain assurance of sound treasury management practices and strategy. This is vital work, which will both safeguard and deliver best value from the Council's borrowing and investments. The Audit Committee has and will continue to satisfy itself that the levels and profiles of investments and borrowing throughout the year are appropriate and in line with the Treasury Management Practices, Strategy and Reports presented.

### **6.4 Schools Governance & Compliance**

Audit Committee has raised concerns about governance and compliance matters in schools for some time, which are regularly responsible for a greater proportion of audit reports giving concern. This year, through overseeing the work of internal audit, we have continued to observe that certain schools have not achieved a satisfactory level of stewardship and internal control.

In view of an ongoing need for regular school governance assurance, Audit Committee has arranged to receive regular updates from the Director of Education and Lifelong Learning on the monitoring, controls and progress of governance improvements in Schools. This is with the understanding that Audit Committee can request the attendance of those directly responsible for governance at an individual school level, to a Committee meeting, in the event that assurances are not considered as acceptable.

The Committee acknowledges that the Council is not able to set rules for schools to adhere to regarding contracting matters, albeit advice can be offered on good practice. This area of interest remains a priority of the Audit Committee. The Audit Committee continues to support the production and use of best practice guidance in schools to strengthen financial stewardship and control.

## **7. Looking ahead to 2020/21**

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 section 6 of this report (the 'Opinion of the Audit Committee 2019/20') as well any new issues, which require our attention.

At the time of writing, we are living and working in an unprecedented environment, which will have an impact on the way in which we can meet and communicate as a Committee. In this context, we will do all we can to deliver a programme of work that continues to ensure our effective contribution to assurance on governance, risk management and control.

## 8. Audit Committee Membership 2019/20

The Committee consists of four Independent Lay Members and eight Non-Executive Councillors, elected by Council (detailed in Annex 3). Independent members are appointed for no more than two administrative terms with Council Members reappointed annually. At the municipal year-end, one Independent Lay Member is on a period of agreed leave of absence, and there is one Non-Executive Councillor vacancy.

The Committee is serviced by Council Officers, principally the Corporate Director Resources (Section 151 Officer), and the Audit Manager. Representatives from Audit Wales also attend Audit Committee meetings.

The Audit Committee was scheduled to meet on 5 occasions throughout the municipal period 2019/20 on the following dates: 25 June 2019; 10 September 2019; 12 November 2019; 21 January 2020 and 24 March 2020. Due to Covid-19 restrictions, the meeting planned for 24 March 2020 was cancelled.

## 9. Attendance in 2019/20

### 9.1 Committee Meeting Attendance

Attendance 2019/20	Possible	Actual
<b>Independent Lay Members</b>		
Hugh Thomas (Chairperson)	4	3
Gavin McArthur (Deputy Chairperson)	4	4
David Price	4	4
Ian Arundale ( <i>Chairperson until 28.11.19</i> <i>(period of agreed leave of absence commenced 28.11.19)</i> )	3	1
<b>Non-Executive Councillors</b>		
Councillor Phil Bale (stood down on 03.09.19)	1	1
Councillor Stephen Cunnah	4	3
Councillor Susan Goddard (stood down on 24.10.19)	2	2
Councillor Nigel Howells	4	3
Councillor Ashley Lister (appointed 23.05.19)	4	3
Councillor McKerlich (appointed 18.07.19)	3	3
Councillor Elaine Simmons (appointed 30.01.20)	0	0
Councillor Kanaya Singh	4	3
Councillor Joel Williams	4	3

All Committee Members received induction training prior to attending Audit Committee.

## 9.2 Training Attended

Area of Training	No. of Possible Attendance	No. of Actual Attendance
Financial Management & Accounting	11	9
Internal Audit	11	8
Treasury Management	10	5

## 10. Audit Committee Contacts

<b>David Hugh Thomas</b> Chairperson of Audit Committee	<i>Please contact via the Audit Manager</i>
<b>Christopher Lee</b> Corporate Director Resources	029 2087 2300 <a href="mailto:Christopher.lee@cardiff.gov.uk">Christopher.lee@cardiff.gov.uk</a>
<b>Chris Pyke</b> Audit Manager	029 2087 3455 <a href="mailto:cpyke@cardiff.gov.uk">cpyke@cardiff.gov.uk</a>
<b>Ann-Marie Harkin</b> Engagement Director/Engagement Lead - Financial Audit, Audit Wales	029 2032 0562 <a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
<b>Phil Pugh</b> Audit Manager (Financial Audit), Audit Wales	07964 118615 <a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
<b>Sara-Jane Byrne</b> Audit Manager (Performance Audit), Audit Wales	07786 111385 <a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>

**Audit Committee Self-Assessment Action Plan**

**January 2020**

Action	Status / Target
<p>1. All Audit Committee Members to ensure they have completed an Individual Assessment (against the CIPFA knowledge and skills framework).</p>	<p>Ongoing Activity <i>Targeted completion February. 2020</i></p>
<p>2. Audit Committee to review proactively the status of Audit Committee actions and recommendations as part of the 'outstanding items' agenda item, considering follow on actions as necessary.</p>	<p>Ongoing Activity <i>Commencing first Committee meeting in 2020-21</i></p>
<p>3. Audit Manager to provide an audit recommendation summary for monitoring and review purposes, in addition to the full recommendation tracker, for each Audit Committee progress update.</p>	<p>Ongoing Activity <i>Commencing first Committee meeting in 2020-21</i></p>
<p>4. Audit Committee to communicate via the Audit Manager, the requirement for Directors to address the following areas in their internal control environment reports, whilst providing any specific further information, as requested:</p> <ul style="list-style-type: none"> <li>• A greater focus on directorate-level risks and governance</li> <li>• Evidence or further detail of external assurance reports and findings</li> <li>• Measures of directorate value for money</li> </ul>	<p><i>To be in place as appropriate for any future senior officer Audit Committee attendance.</i></p>



## Audit Committee Assessments

### I. Collective Self-Assessment - Workshop

#### A) Self-Assessment of 'Effectiveness'

Assessment key	
<b>5</b>	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.
<b>4</b>	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
<b>3</b>	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.
<b>2</b>	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
<b>1</b>	No evidence can be found that the audit committee has supported improvements in this area.

Areas the Audit Committee can add value by supporting improvement		Overall Assessment
1.	Promoting the principles of good governance and their application to decision making.	<b>4</b>
2.	Contributing to the development of an effective control environment.	<b>5</b>
3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<b>4</b>
4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<b>4</b>
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<b>5</b>
6.	Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<b>4</b>
7.	Supporting the development of robust arrangements for ensuring value for money.	<b>3</b>
8.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<b>4</b>
9.	Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<b>4</b>

## B) Self-assessment of 'Good Practice'

Good practice questions		Yes	Partly	No
<b>Audit committee purpose and governance</b>				
1	Does the authority have a dedicated audit committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to full council? (applicable to local government only.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Are there arrangements to hold the committee to account for its performance operating satisfactorily?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Functions of the committee</b>				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	• good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• assurance framework, including partnerships and collaboration arrangements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• internal audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• external audit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• financial reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• value for money or best value	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• counter-fraud and corruption.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• Supporting the ethical Framework	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions		Yes	Partly	No
<b>Membership and support</b>				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member (where it is not a mandatory requirement)</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by full council?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Does the chair of the committee have appropriate knowledge and skills?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Are arrangements in place to support the committee with briefings and training?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Is adequate secretariat and administrative support to the committee provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Effectiveness of the committee</b>				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Are meetings effective with a good level of discussion and engagement from all members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23	Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
24	Does the committee have an action plan to improve any areas of weakness?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Does the committee publish an annual report to account for its performance and explain its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## II. Individual Audit Committee Member Self-Assessments

### Knowledge

Knowledge Areas	Level of Knowledge					Strong +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	14%	72%	14%	86%
3. Governance	0%	0%	14%	72%	14%	86%
4. Internal audit	0%	14%	0%	72%	14%	86%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	14%	86%	0%	86%
7. Risk management	0%	0%	29%	57%	14%	71%
8. Counter fraud	0%	29%	29%	43%	0%	43%
9. Values of good governance	0%	0%	14%	57%	29%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

### Application

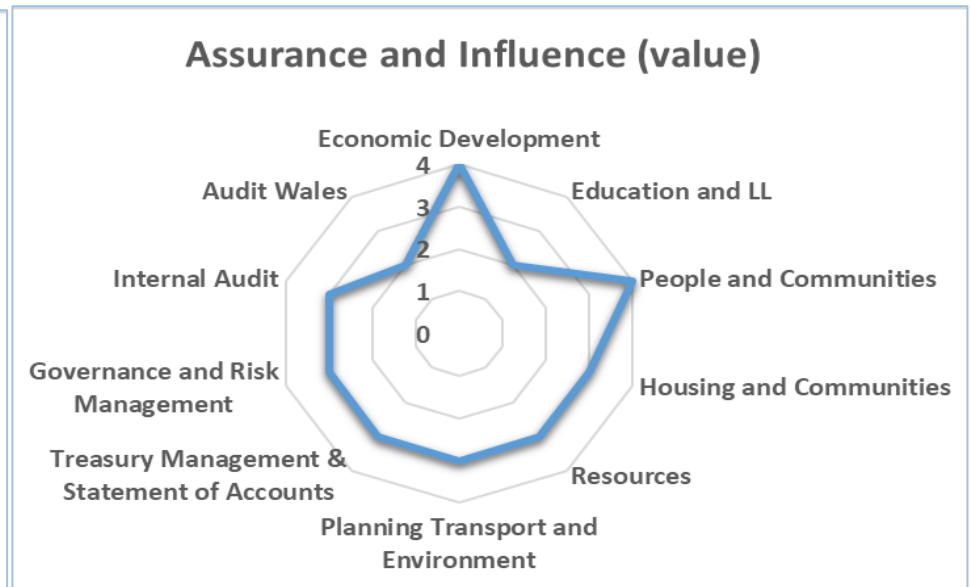
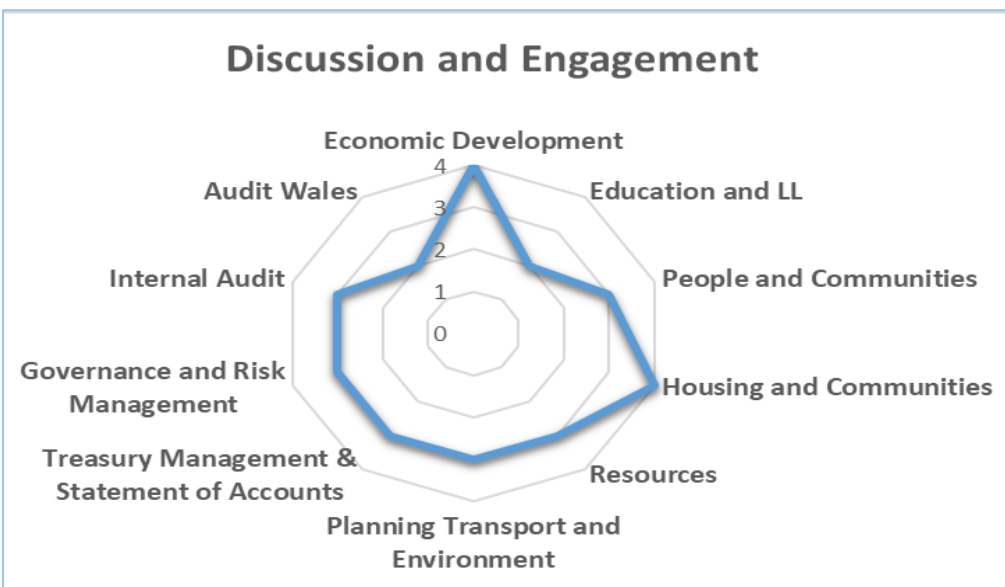
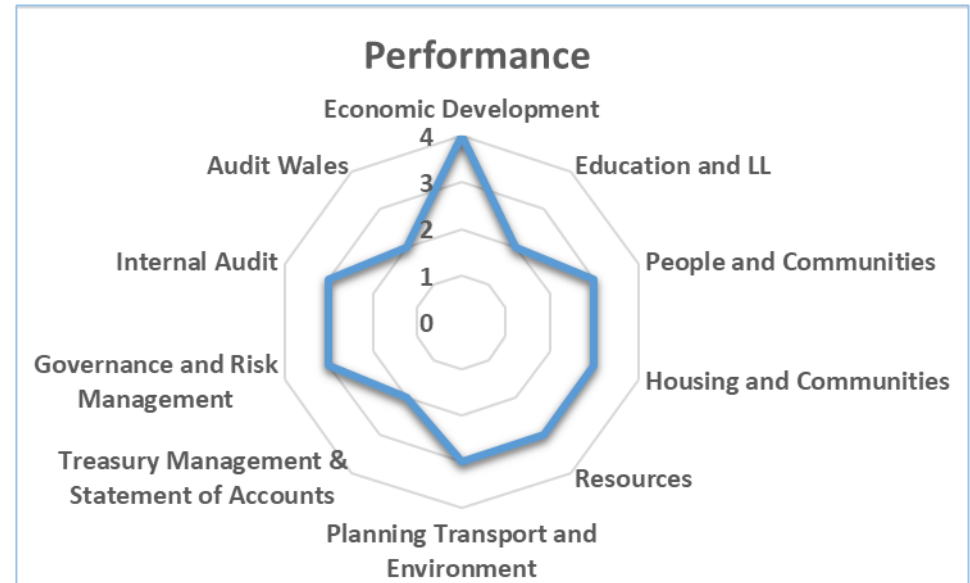
Application	Level of Application					Strong +
	1. No	2. Limited	3. Mixed	4. Strong	5. Full/Complete	
1. Organisational knowledge	0%	0%	14%	86%	0%	86%
2. Audit committee role and functions	0%	0%	29%	57%	14%	71%
3. Governance	0%	0%	29%	71%	0%	71%
4. Internal audit	0%	14%	29%	43%	14%	57%
5. Financial management and accounting	0%	0%	43%	43%	14%	57%
6. External audit	0%	0%	29%	71%	0%	71%
7. Risk management	0%	0%	43%	43%	14%	57%
8. Counter fraud	0%	57%	0%	43%	0%	43%
9. Values of good governance	0%	0%	14%	86%	0%	86%
10. Treasury management	0%	0%	57%	43%	0%	43%

### III. Audit Committee Attendee Feedback


The Audit Committee has requested feedback from those it engages with in Committee meetings in respect of 'performance', 'assurance and influence' and 'discussion and engagement'.





The results for 2019/20 were as follows




Key	Score
1	Poor
2	Satisfactory
3	Good
4	Excellent



**Current Membership**


	<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.</p> <p>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. For more than 5 year’s he occupied the position of the Deputy Chairperson of the Audit Committee of Cardiff Council, and was appointed as Chairperson in January 2020.</p>
	<p>Gavin McArthur is an experienced internal audit and governance professional and qualified accountant. He was Head of Governance and Assurance for the Ministry of Justice Estates Directorate. He has also held senior management roles in internal audit functions in the private sector, local and central government.</p> <p>His professional experience and expertise lie in the fields of internal control, risk management, governance, internal audit, business case review, and performance management. He was appointed as Vice Chair of the Audit Committee of Cardiff Council in January 2020, and is Vice Chair of the Warwickshire Police Joint Audit Committee.</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, Gavin has coaching qualifications in rugby, goalkeeping and strength &amp; conditioning. He currently coaches goalkeeping for a university football team and for many years coached at a local rugby club, he is also an experienced Tai chi practitioner.</p>
	<p>David Price is a self-employed Higher Education Consultant who provides bespoke services for UK, EU and North African clients. He formerly spent 25 years working for a number of UK universities and non-governmental departmental bodies in strategic planning and policy roles and served as a Pro Vice-Chancellor for a prominent Welsh university.</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>David’s professional interests focus on the development and application of performance systems, business intelligence, risk management, regulation and governance.</p>

 <p><b>Cllr Stephen Cunnah</b> (Welsh Labour)</p>	<p>Serving the <b>Canton</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b>  <a href="#">Audit Committee</a>  <a href="#">Children and Young People Scrutiny Committee</a>  <a href="#">Council</a>  <a href="#">Glamorgan Archives Joint Committee</a> Cardiff Council  <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">Chapter (Cardiff) Limited</a></p>
 <p><b>Cllr Nigel Howells</b> (Welsh Liberal Democrats)</p>	<p>Serving the <b>Adamsdown</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p><b>Serving on the following Committees:</b>  <a href="#">Audit Committee</a>  <a href="#">Council</a>  <a href="#">Council Appeals Committee</a>  <a href="#">Economy &amp; Culture Scrutiny Committee</a> (Chair)  <a href="#">Pensions Committee</a></p>
 <p><b>Cllr Ashley Lister</b> (Welsh Labour) (joined Audit Committee 23.05.19)</p>	<p>Serving the <b>Grangetown</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 –</p> <p><b>Serving on the following Committees:</b>  <a href="#">Appointments Committee - Assistant Director, Children's Services</a>  <a href="#">Appointments Committee - Assistant Director, Education &amp; Lifelong Learning</a>  <a href="#">Audit Committee</a>  <a href="#">Community &amp; Adult Services Scrutiny Committee</a>  <a href="#">Constitution Committee</a>  <a href="#">Corporate Parenting Advisory Committee</a>  <a href="#">Council</a>  <a href="#">Local Authority Governor Panel</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a></p> <p><b>Outside Bodies:</b>  <a href="#">South Wales Fire &amp; Rescue Authority</a></p>
 <p><b>Cllr Rod McKerlich</b> (Welsh Conservatives) (joined Audit Committee 18.07.19)</p>	<p>Serving the <b>Radyr &amp; Morganstown</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p><b>Serving on the following Committees:</b>  <a href="#">Appointments Committee - Assistant Director, Adult Services</a>  <a href="#">Audit Committee</a>  <a href="#">Constitution Committee</a>  <a href="#">Council</a>  <a href="#">Democratic Services Committee</a>  <a href="#">Policy Review and Performance Scrutiny Committee</a></p>


 <p><b>Cllr Elaine Simmons</b> (Welsh Labour) (joined Audit Committee 30.01.20)</p>	<p>Serving the <b>Caerau</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Audit Committee</a> <a href="#">Council</a></p>
 <p><b>Cllr Kanaya Singh</b> (Welsh Labour)</p>	<p>Serving the <b>Riverside</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Audit Committee</a> <a href="#">Children and Young People Scrutiny Committee</a> <a href="#">Council</a></p> <p><b>Outside Bodies:</b> <a href="#">Cardiff Bus</a></p>
 <p><b>Cllr Joel Williams</b> (Welsh Conservatives)</p>	<p>Serving the <b>Pontprenau &amp; Old St Mellons</b> Ward</p> <p><b>Terms of Office:</b> 04/05/2017 -</p> <p><b>Serving on the following Committees:</b> <a href="#">Appointments Committee - Assistant Director, Adult Services</a> <a href="#">Appointments Committee - Assistant Director, Children's Services</a> <a href="#">Appointments Committee - Assistant Director, Education &amp; Lifelong Learning</a> <a href="#">Appointments Committee - Director Education &amp; Lifelong Learning</a> <a href="#">Appointments Committee - Principal Lawyer Litigation</a> <a href="#">Appointments Committee - Programme Director, Schools Organisational Planning</a> <a href="#">Audit Committee</a> <a href="#">Council</a> <a href="#">Council Appeals Committee</a> <a href="#">Standards &amp; Ethics Committee</a></p> <p><b>Outside Bodies:</b> <a href="#">Cardiff University Court</a> <a href="#">South Wales Fire &amp; Rescue Authority</a></p>



## Member on approved leave of Absence

 <p><b>Ian Arundale (Chair)</b> (Independent Lay Member)</p> <p><i>Approved leave of absence for up to one year commencing 28/11/19</i></p>	<p>Ian Arundale is a self-employed Law Enforcement and Security Consultant. He is currently working for Cleveland Police on a short-term contract addressing a range of development areas. 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 at Dyfed Powys.</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. He acts as an advisor and expert witness in high profile cases such as fatal police shootings, inquests and public inquiries.</p> <p>He works internationally and has recently assisted police forces and organisations in the far east, 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 the Chairman 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>
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## Members who left In-Year

 <p><b>Cllr Phil Bale</b> (Welsh Labour) <i>Stood down on 03.09.19</i></p>	<p>Serving the <b>Llanishen</b> Ward</p> <p><b>Terms of Office:</b> 03/05/2012 - 04/05/2017 04/05/2017 – 09/10/2019</p> <p><b>Serving on the following Committees:</b> <a href="#">Audit Committee</a> <a href="#">Council</a></p>
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**Cllr Susan Goddard**  
(Welsh Labour)  
*Stood down on 24.10.19*

Serving the **Ely Ward**

**Terms of Office:** 03/05/2012 - 04/05/2017  
04/05/2017 -

**Serving on the following Committees:**

[Appointment Committee - Programme Director, Schools Organisational Planning](#)

[Audit Committee](#)

[Community & Adult Services Scrutiny Committee](#)

[Constitution Committee](#)

[Council](#)

[Council Appeals Committee](#)

[Democratic Services Committee](#)

[Licensing Committee](#)

[Licensing Sub Committee](#)

[Public Protection Committee](#)

[Public Protection Sub Committee](#)

**Outside Bodies:**

[Cardiff Fostering Panel](#)

**COUNCIL: 22 OCTOBER 2020**

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**REPORT OF THE CHIEF EXECUTIVE AND HEAD OF PAID SERVICE**

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**SENIOR MANAGEMENT PROPOSAL****Reason for this Report**

1. To seek the approval of Council for the creation and public advertisement of the two new posts of Director, Adults, Housing and Communities and Director, Children's Services, on the basis of terms and conditions at a Director level, which form part of the new senior management structure that was agreed by the Cabinet on 15 October 2020.

**Background**

2. The new Tier 1 and Tier 2 senior management structure was approved, following consultation, by the Cabinet on 15 October 2020. This includes the deletion of the vacant post of Director of Social Services, with the responsibilities of the statutory director of social services role now resting with the Corporate Director, People and Communities. This enables a strengthening of arrangements at the next tier of management in order to address growing pressures within the social services area.
3. The new structure represents an evolution of existing senior management arrangements: strengthening arrangements that have already been put in place to progress further the preventative and specialist services that are in place and striking a balance between retaining existing roles to maintain momentum and stability, and ensuring sufficient capacity to meet current and emerging challenges.
4. The new senior management structure includes the proposed creation of the following two new posts at Director level (with role profiles attached to this report for information):
  - New post of Director, Adults, Housing and Communities – this role would build on recent successes in developing a joined up early intervention and preventative approach within those services that fall within the remit and responsibilities of the post-holder; and
  - New post of Director, Children's Services – this role would address the growing complexity and scale of demand being experienced in Children's Services and the consequential safeguarding and financial risks that need to be managed

effectively by the post-holder. It also addresses the inability of the Council, despite previous attempts, to recruit a permanent Head of Children's Services graded at Assistant Director level.

## **Issues**

5. The Cabinet has referred the proposed creation and advertisement of the new posts of Director, Adults, Housing and Communities and Director, Children's Services to Council for consideration in accordance with The Local Authorities (Standing Orders) (Wales) Regulations 2006 (as amended in 2014) and the Council's Employment Procedure Rules, which require any vacant post of Chief Officer, with a salary over £100,000, to be reported to Council for approval of the public advertisement of the post.
6. The proposed new posts have been evaluated by Korn Ferry Hay Group and they have confirmed that the roles have been evaluated at Director level, with remuneration set at the same level as that of other Directors of the Council, reflecting the breadth and significant responsibility levels of these senior management roles. Remuneration of Director posts is based currently on a spot salary of £130,859 per annum, and it has been noted by Korn Ferry Hay Group that this salary is broadly in line with the market median of their national public and not for profit sector pay market database.
7. Under the 2006 Regulations and the Council's Employment Procedure Rules, the appointment or dismissal of various officers, including Directors, must be made by the Council or by a Committee delegated by the Council to make the appointment or dismissal, which must contain at least one Cabinet Member, but not more than half of the members of that Committee shall be Cabinet Members.
8. The appointment and dismissal of Chief Officers, Assistant Directors, Directors, and Corporate Directors is delegated to the Council's Appointments Committee. Appointments to the two new Director posts will therefore be made by the Appointments Committee.
9. Council approval is therefore sought for the creation of the new posts identified above within the agreed new senior management structure, as well as the public advertisement of these new posts.

## **Financial Implications**

10. The proposed changes at Director and Assistant Director level delivers an additional cost of £55,950 compared to the previous budget held for these two tiers of management. The senior management roles that cover Housing need to be assessed in terms of cost between Housing Revenue Account (HRA) activities and those activities funded from General Funded Budget. Initial assessments of the work to be undertaken by the Director of Adults, Housing and Communities and the Assistant Director of Housing & Communities indicated that costs to HRA will increase by £70,000 and that there will be a budget saving of £14,050 to the General Fund. There has been no review of other

resources within HRA or any other funding opportunities, but these will need careful consideration in order to establish that the additional costs can be found within the HRA Budget.

11. The appointment of the Director of Children's Services anticipates that this will result in a cost avoidance on unbudgeted interim agency costs going forward. This will be demonstrated in the reduction of interim costs at the point the post of the Director of Children's Services is appointed and starts.
12. In proposing the addition and deletions of the posts or outlining the review of any posts, there has been no budgetary allocation provided for any further resources being required as a result of the changes. Any proposals in respect to posts at Operational Manager level or below will need to have identified the funding from within the existing budget allocation of the Council and also have consideration of the Council's Budget Strategy going forward.

### **Legal Implications**

13. The law and procedure for the recruitment of Chief Officers is set out in The Local Authorities (Standing Orders) (Wales) Regulations 2006, as amended by the Standing Orders (Wales) Amendment Regulations 2014, and is reflected in the Council's constitution.
14. Part 4, paragraph 2(a) of the constitution states that a vacancy for the post of Chief Officer, with a salary over £100,000, must be reported to Council who will arrange for the vacancy to be advertised and for any shortlisted candidates to be interviewed. The interviewing of any shortlisted candidates will be carried out by the Appointments Committee in accordance with their terms of reference.
15. The Chief Executive, pursuant to Part 3, paragraph 1.3 of the constitution, has the delegated authority to 'manage the human resources within their area of responsibility, including the appointment, establishment, salary/grade, training, terms and conditions of employment, health and safety, discipline, suspension and dismissal of staff, in accordance with the Council's HR and financial procedures and subject to appropriate consultation'. Where there has been a reorganisation of responsibilities between existing staff, there is no vacancy to report to Council. Affected staff have been consulted with and Cabinet has approved the proposed structure and delegation of the implementation of this structure to the relevant officers.
16. The Well-being of Future Generations (Wales) Act 2015 requires the Council as a whole to consider how the proposals will contribute towards meeting its well-being objectives (set out in the Corporate Plan). Members must also be satisfied that the proposals comply with the sustainable development principle, which requires that the needs of the present are met without compromising the ability of future generations to meet their own needs.

17. The public sector equality duties under the Equality Act 2010 require the Council to give due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. It is noted that an Equality Impact Assessment has been carried out in respect of these proposals.

### **HR Implications**

18. This report contains HR implications which will need to be managed in accordance with the recommended legal principles, the employment legislative framework and the requirements set out by the Welsh Government. There will need to be ongoing discussions with impacted employees and Trade Union colleagues, with work done to minimise any disruption to the organisation, should Council agree the recommendations.

### **RECOMMENDATIONS**

Council is recommended to:

1. approve the creation and public advertisement of the new post of Director, Adults, Housing and Communities on the basis of the terms & conditions of a Director level post;
2. approve the creation and public advertisement of the new post of Director, Children's Services on the basis of the terms & conditions of a Director level post; and
3. note that responsibility for the appointment of a suitable candidate to the new posts identified above is delegated to the Appointments Committee.

### **Paul Orders**

#### **Chief Executive and Head of Paid Service**

**16 October 2020**

The following appendices are attached to this report:

- Appendix 1: Director, Adults, Housing and Communities – Role Profile
- Appendix 2: Director, Children's Services – Role Profile

The following background papers have been taken into account:

- Cabinet Report, 15 October 2020: Senior Management Arrangements – Update
- Cabinet Report, 17 September 2020: Senior Management Arrangements

## CARDIFF COUNCIL

### Role Profile

<b>Role Title</b>	Director, Adults, Housing and Communities
<b>Ref</b>	
<b>Grade</b>	Director Spot Salary
<b>Primary Purpose of Role</b>	<p>To provide strategic analysis and robust advice to Cabinet, Scrutiny Committees and the Council regarding the best options and methods to deliver relevant aspects of the Council's Corporate Plan; also to ensure the effective and efficient implementation of the Cabinet's strategic choices with a firm focus on achieving continually improving outcomes in the fields of Community, Adult and Housing Services.</p> <p>To embrace the Corporate priorities across the Council and be part of a cohesive Corporate team.</p> <p>To ensure compliance with the requirements of the Social Services and Wellbeing (Wales) Act 2014 and all relevant legislation and guidance in the delivery of Community, Adult and Housing Services.</p>
<b>Key Accountabilities</b>	<ul style="list-style-type: none"> <li>• To translate the Council's stated vision and priorities into a set of aligned and effective strategies for Community, Adult and Housing Services</li> <li>• To provide high-quality advice and insight for the Cabinet Members and Councillors regarding the most effective and efficient models for delivering the relevant corporate priorities and responding to emerging needs</li> <li>• To take a lead role in the formation and on-going development of deep-rooted strategic partnerships and relationships that will place Cardiff's Community, Adult and Housing Services at the forefront of service delivery nationally</li> <li>• To ensure and promote the application of all safeguarding policies and associated processes and procedures</li> <li>• To identify and make the most of existing and potential synergies across the work of the Council's Community, Adult and Housing Services and other services, plus those of partner organisations</li> <li>• To take a lead role in optimising the use of the Council's resources by creatively using risk-managed partnerships, collaborations and/or commercial initiatives to best deliver the key services needed by the people of Cardiff and the wider region</li> <li>• To accurately advise the Corporate Director, Chief Executive, Cabinet Members, Scrutiny Committees, and Councillors how and where to make efficiencies or investment in Community, Adult and Housing Services that will best serve the people of Cardiff and the wider region.</li> </ul>

	<ul style="list-style-type: none"> <li>• To assess the strategic impact of shifting service demands in a diverse urban context, against a backdrop of significant financial pressures and an overarching commitment to the provision of improving standards, and to advise the Cabinet Members and Councillors of all of the options (including innovative responses) and associated implications</li> <li>• To lead a management team: creating, implementing, monitoring and reviewing the performance of Community, Adult and Housing Services and ensuring that significantly improved outcomes in the lives of service users are secured.</li> <li>• To promote and lead a culture that realises the Capital Ambition vision, and reflect this in all aspects of its Community, Adult and Housing Services</li> <li>• To scan the external context and to advise the Cabinet Members on how to position the portfolio for emerging changes, challenges and opportunities</li> </ul>
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<b>Areas of Responsibility</b>	<ul style="list-style-type: none"> <li>• Hubs and Community Services</li> <li>• Advice and Benefits</li> <li>• Early Help for Families, Children and Young People</li> <li>• Adult Social Services</li> <li>• Independent Living and Preventative Services</li> <li>• Housing and Homelessness</li> <li>• A wide range of partnership and cross sector working to deliver more integrated person centred services</li> </ul>
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<b>Types of Measures of Success</b>	<ul style="list-style-type: none"> <li>• Continually improving outcomes, particularly in the lives of vulnerable people in Cardiff and the wider region</li> <li>• Achievement of Corporate priorities for the Housing and Communities, and Social Care, Health and Wellbeing portfolios</li> <li>• Effective management of resources – improvement of portfolio performance, whilst achieving required financial savings</li> <li>• Satisfaction of Councillors in relation to the professional advice, strategic options and service delivery.</li> </ul>
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**When preparing your written application you will need to provide evidence only for the competencies identified with an asterisk. These are the essential competencies for your written application. In responding to each of the essential competency areas, you must provide examples which demonstrate how you have successfully delivered results of a size, scope and complexity comparable to the challenges faced by Cardiff Council. These and the remaining competencies will be assessed during the remaining stages of the recruitment process.**



<b>Behavioural Competencies</b>	<b>Application Stage</b>	<b>Competency Level(s)</b>
Putting Our Customers First	*	5
Getting Things Done	*	5
Taking Personal Responsibility	*	5
Seeking to Understand Others		5
Developing Potential		5
Leading Change	*	5
Initiating Change and Improvement	*	5
Organisational Awareness		5
Partnering and Corporate Working	*	5
Communicating		5
Analysing , Problem Solving and Decision Making		5
Equality & Diversity		5
Optimising Resources	*	5
Demonstrating Political Acumen		5

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## CARDIFF COUNCIL

### Role Profile

<b>Role Title</b>	Director, Children’s Services
<b>Ref</b>	
<b>Grade</b>	Director Spot Salary
<b>Primary Purpose of Role</b>	<p>To provide strategic analysis and robust advice to Cabinet, Scrutiny Committees and the Council regarding the best options and methods to deliver relevant aspects of the Council’s Corporate Plan; also to ensure the effective and efficient implementation of the Cabinet’s strategic choices with a focus on achieving continually improving outcomes in the field of Children’s Services.</p> <p>To embrace the Corporate priorities across the Council and be part of a cohesive Corporate team.</p> <p>To ensure compliance with the requirements of the Social Services and Wellbeing (Wales) Act 2014 and all relevant legislation and guidance in the delivery of Children’s Services.</p> <p>To develop integrated public service responses for Children and Young People to meet identified need and in accordance with the Council’s commitment for Cardiff to become a UNICEF child-friendly city.</p>
<b>Key Accountabilities</b>	<ul style="list-style-type: none"> <li>• To translate the Council’s stated vision and priorities into a set of aligned and effective strategies for Children’s Services</li> <li>• To provide high-quality advice and insight for the Cabinet Members and Councillors regarding the most effective and efficient models for delivering the relevant corporate priorities and responding to emerging needs</li> <li>• To take a lead role in the formation and on-going development of deep-rooted strategic partnerships and relationships that will place Cardiff’s Children’s Services at the forefront of service delivery nationally</li> <li>• To ensure and promote the application of all safeguarding policies and associated processes and procedures</li> <li>• To identify and make the most of existing and potential synergies across the work of the Council’s Children’s Services and other Council services, plus those of partner organisations</li> <li>• To take a lead role in optimising the use of the Council’s resources by creatively using risk-managed partnerships and collaborations to best deliver the key services needed by the people of Cardiff and the wider region</li> </ul>

	<ul style="list-style-type: none"> <li>• To accurately advise the Corporate Director, Chief Executive, Cabinet Members, Scrutiny Committees, and Councillors how and where to make efficiencies or investment in Children’s Services that will best serve the people of Cardiff and the wider region</li> <li>• To assess the strategic impact of shifting service demands in a diverse urban context, against a backdrop of significant financial pressures and an overarching commitment to the provision of improving standards, and to advise the Cabinet Members and Councillors of all of the options (including innovative responses) and associated implications</li> <li>• To lead a management team; creating, implementing, monitoring and reviewing the performance of Children’s Services and ensuring that significantly improved outcomes in the lives of service users are secured</li> <li>• To promote and lead a culture that realises Cardiff’s Capital Ambition vision and aspirations to become a chief-friendly city</li> <li>• To scan the external context and to advise the Cabinet Members how to position the portfolio for emerging changes, challenges and opportunities</li> <li>• There is a requirement for the post holder to be a qualified social worker</li> </ul>
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<b>Areas of Responsibility</b>	<ul style="list-style-type: none"> <li>• Children’s Social Services</li> <li>• Youth Justice Services including Youth Offending Service</li> <li>• Young Carers</li> <li>• Multi Agency Safeguarding Hub</li> <li>• Children’s safeguarding including responsibility as chair for regional child safeguarding</li> <li>• A wide range of partnership and cross sector working to deliver more integrated person centred services</li> </ul>
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<b>Types of Measures of Success</b>	<ul style="list-style-type: none"> <li>• Continually improving outcomes particularly in the lives of Children and Young People in Cardiff and the wider region</li> <li>• Achievement of Corporate priorities for the Children’s Services portfolio</li> <li>• Effective management of resources – improvement of portfolio performance, whilst achieving required financial savings</li> <li>• Satisfaction of Councillors in relation to the professional advice, strategic options and service delivery</li> </ul>
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**When preparing your written application you will need to provide evidence only for the competencies identified with an asterisk. These are the essential competencies for your written application. In responding to each of the essential competency areas, you must provide examples which demonstrate how you have successfully delivered results of a size, scope and complexity comparable to the challenges faced by Cardiff Council. These and the remaining competencies will be assessed during the remaining stages of the recruitment process.**

<b>Behavioural Competencies</b>	<b>Application Stage</b>	<b>Competency Level(s)</b>
Putting Our Customers First	*	5
Getting Things Done	*	5
Taking Personal Responsibility	*	5
Seeking to Understand Others		5
Developing Potential		5
Leading Change	*	5
Initiating Change and Improvement	*	5
Organisational Awareness		5
Partnering and Corporate Working	*	5
Communicating		5
Analysing , Problem Solving and Decision Making		5
Equality & Diversity		5
Optimising Resources	*	5
Demonstrating Political Acumen		5

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CARDIFF COUNCIL  
REGISTER OF DECISIONS TAKEN BY OFFICERS ON  
SENIOR MANAGEMENT TEAM  
2019/2020 No 51

Decision No.	Decision Maker	Decision	Reasons	Consultation Undertaken	Dates			Responsibility for Implementation after date shown
					Decision Made	Publication	Deadline for call-in	
SMT/19-20/110	Chris Lee, Corporate Director Resources	<p><b>COVID-19 Civil Contingency Commission to Renew Temporary Morgue Storage Services</b></p> <p>Appendix 1 and 2 are not for publication as it contains exempt information of the description in [paragraph(s) 14 and 21 and] paragraph 16 of Schedule 12A of the Local Government Act 1972</p> <p><b>RESOLVED:</b> that approval be given to a direct award commission to the value of £1.11m to Wild Water Storage Ltd for temporary morgue storage at facilities in South East Wales and associated services for a 6-month term.</p>	<p>It is the collective position of the LRF Agencies that a 6 month renewal of the original direct award to Wild Water Storage Ltd to provide temporary surge morgue capacity due to the continued COVID-19 Pandemic be commissioned urgently. Welsh Government has recently provided assurance the COVID-19 Local Authority Hardship fund will cover the costs associated with the commission for additional morgue capacity for the South Wales LRF (Bridgend, Cardiff, Merthyr, Neath PT, RCT, Swansea and the Vale of Glamorgan.) Cardiff Council acting as lead on</p>		23.09.2020	This decision has been certified as urgent by the Monitoring Officer and Chair of Policy Review and Performance Scrutiny Committee and therefore call-in is disapplied		Chris Lee, Corporate Director Resources

procurement requires a new direct award to Wild Water Storage Ltd for a 6-month period to continue to provide temporary morgue facilities and associated services at the SW01 location to the value of £1.11m.

This further commission would be let as a new direct award sought under initial Cabinet Office Procurement Advice Note (PPN 1/20) and furthermore Welsh Government Procurement Advice Note (PAN 04/20) – “Recovery and Transition from COVID-19” seeking relief via regulation 32(3)(c) under the Public Procurement Regulations (2015) where :-

- Direct award due to extreme urgency
- Direct award due to absence of competition



Prepared by Cabinet Support Office:	8 October 2020
Submitted to Chief Executive for signature:	8 October 2020

**Approved for Publication:** .....*Paul Orders*.....  
Chief Executive

**Date:** ...9/10/2020.....

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# CYNGOR CAERDYDD CARDIFF COUNCIL

**COUNCIL:**

**22 OCTOBER 2020**

## REPORT OF THE DIRECTOR OF GOVERNANCE & LEGAL SERVICES

### COMMITTEE AND OUTSIDE BODIES APPOINTMENTS

#### Reason for Report

1. To receive nominations and make appointments to current committee vacancies as set out in the report and in accordance with the approved allocation of seats and political group wishes.

#### Background

2. The Annual Council 23 May 2019 established the Committees and Panels of the Council and their composition. The seats allocated to political groups on each committee were calculated in accordance with political balance, and nominations were received for each committee from the political groups.
3. In accordance with the Welsh Audit Office Statement of Action P3b (report March 2016), Membership of Committees is a standing item on monthly Group Whips meetings and Full Council, as appropriate.

#### Outside Bodies

To note that all appointments to Outside Bodies remain extant however, if there are any issues regarding those appointments Members should contact Democratic Services. A report on Outside Bodies will be taken to the Annual Meeting of Council.

#### Issues

4. The Annual Council 23 May 2019 received nominations to committee seats. Not all seats were filled and the vacancies that remain are as follows:

Committee	Vacancy	Group
Audit Committee	1 vacancy	Conservative
Corporate Parenting Advisory Committee	1 vacancy	Welsh National Party
Community & Adult Services Scrutiny Committee	1 vacancy	Labour

<b>Committee</b>	<b>Vacancy</b>	<b>Group</b>
Constitution Committee	1 vacancy	Conservative
Democratic Services	1 vacancy	Conservative
Public Protection	1 vacancy	Welsh National Party
Policy Review & Performance Scrutiny	2 vacancies	1 x Conservative 1 x Welsh National Party

5. Further nominations to fill existing vacancies received from political groups prior to Full Council on 22 October will be reported on the amendment sheet.

### **Legal Implications**

6. The Council is under a duty to make appointments to Committees, in accordance with the approved allocation of seats to political groups, so as to give effect to the wishes of the political groups (pursuant to Section 16 of the 1989 Act).

### **Financial Implications**

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

### **RECOMMENDATION**

The Council is recommended to appoint to the vacancies on Committees in accordance with the approved allocation of seats and Party Group wishes, as set out on the Amendment Sheet.

### **DAVINA FIORE**

#### **Director Governance and Legal Services**

16 October 2020

### **Background Papers**

Annual Council Reports and Minutes 23 May 2019  
 Report and Minutes of Council 20 June 2019  
 Report and Minutes of Council 18 July 2019  
 Report and Minutes of Council 12 September 2019  
 Report and Minutes of Council 24 October 2019  
 Report and Minutes of Council 28 November 2019  
 Report and Minutes of Council 30 January 2020  
 Report and Minutes of Council 27 February 2020  
 Report and Minutes of Council 21 May 2020  
 Report and Minutes of Council 25 June 2020  
 Report and Minutes of Council 23 July 2020

**COUNCIL:**

**22 OCTOBER 2020**

**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 to fill vacancies.

**Background**

2. Section 19 of the Education Act 2002 makes provision for the governing bodies of maintained schools to include Local Authority appointed governors, 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 Governor Panel was constituted at the Annual Council in May 2015 to advise the Council on appointments and removal of governors to those places allocated to the Local Authority.

**Issues**

4. The Local Authority Governor Panel met on 19 October 2020 to consider new applications to fill current vacancies. The recommendations of the panel, in respect of new appointments 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. Appointments are for a fixed term of 4 years from the date of the appointment and governors may be re-appointed for a further 4 year term.

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 requires the approval of full Council.
8. In response to the COVID-19 pandemic, the Welsh Government has issued the Local Authorities (Coronavirus)(Meetings)(Wales) Regulations 2020, which came into force on 22<sup>nd</sup> April 2020. These regulations temporarily relax the rules relating to local authority meetings in order to minimise risks to public health. For appointments made by Council, the Regulations provide that the terms of office of all appointees who were in office when the Regulations came into force (on 22<sup>nd</sup> April 2020) shall automatically be extended until a new appointment is made, which may be at any time before 1<sup>st</sup> May 2021.
9. The Regulations therefore remove the requirement for appointments to be made for local authority governors whose terms of office are due to expire on or after 22<sup>nd</sup> April 2020, until 1<sup>st</sup> May 2021. This means that re-appointments (or new appointments) may be deferred until 1<sup>st</sup> May 2021 if current governors are content to remain in office. However, the Council may decide to re-appoint governors for a further 4 year term.
10. Members will note that this report recommends the appointments of local authority governors, as set out in Appendix 1, for a 4 year term of office.

### **Financial Implications**

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

### **Recommendation**

12. That, in accordance with the recommendations of the Local Authority Governor Panel, the Council approves the new appointments of Local Authority governors to the school governing bodies as set out in the Council Amendment Sheet, each for a term of 4 years from the date of the appointment.

**Davina Fiore**  
**Director Governance & Legal Services**  
16 October 2020

*The following Background Documents have been taken into account: N/A*